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CASE NO. 2026-00094
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For electronic version, see KAW_APP_TOC _051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 1

Description of Filing Requirement:

Present tariffs - Kentucky American Water

Response:

Please see attached for copy of Present Tariffs. For electronic version, see

KAW_APP_EX01_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet Nos. 1-36, 38-49
Second Sheet No. 37
Cancelling P.S.C KY NO. 10

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

http://www.amwater.com/kyaw

RATES – CHARGES – RULES – REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

BOURBON, CLARK, FAYETTE, FRANKLIN, GALLATIN, GRANT, HARRISON, JACKSON, JESSAMINE, NICHOLAS, OWEN, SCOTT, WOODFORD, AND ROCKCASTLE COUNTIES IN KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED: **February 27, 2026**
EFFECTIVE: **March 31, 2026**

ISSUED BY: **/s/ Robert Burton**
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KENTUCKY
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EFFECTIVE
3/31/2026
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 1

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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

NOTE: An update to the Table of Contents to reflect the addition of Livingston Municipal Water Works is pending in TFS2026-00193.

KENTUCKY-AMERICAN WATER COMPANY

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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 3

1. DEFINITIONS APPLICABLE TO RULES & REGULATIONS

1.1 "Commission" means the Kentucky Public Service Commission.

1.2 "Company" shall mean the Kentucky-American Water Company acting through its officers, managers, or other duly authorized employees or agents.

1.3 "Customer" shall mean any person, firm, corporation, entity or municipality supplied with water service by Kentucky-American Water Company pursuant to these Rules and Regulations.

1.4 "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing developed premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.

1.5 "Residential" – Sales to single premise residences, or to multiple premises residences where each premises is served through a single Meter. Sprinkler services added to existing premises coded as residential would also be coded as residential. For premises served through a single Meter with multiple owners, where usage is primary for residential purposes, and the water is billed to a homeowner association such as a condominium complex they will be classified as residential and charged the residential rate.

1.6 "Commercial" – Sales to multiple premises residences served through a single Meter or battery of Meters. This would include two (or more) family houses and apartment houses. Sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations. Sales to business or manufacturing establishments where the water is not used principally in manufacturing or processing functions. This would include commercial offices of public utilities. Examples under this category are: stores, laundries, cleaners, shoe repair and other service establishments, garages and service stations, office buildings, sales offices or manufacturing or processing establishments, retail florists, theaters, bowling alleys, swim clubs, golf courses, manufacturing or processing establishment where water is used principally for sanitary purposes, barber shops. Water used for irrigation for agricultural purposes would normally be coded as commercial. Sprinkler services added to existing premises coded as commercial or industrial would also be coded as commercial.

1.7 "Industrial" – Sales to manufacturing of processing establishments where the water is used principally in manufacturing or processing function. This would include public or private utility plants using water for steam generation, power production, etc.

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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 4

1.8 Other Public Authority or "OPA" – Sales to municipal, county, state or federal agencies (other than the sales of water for resale). Examples under this category are: city buildings, public schools, public housing developments, libraries and hospitals, fire stations, county, state and federal buildings and agencies.

1.9 Sales for Resale or "Resale" – Sales to private or public water utilities where the water is to be resold to customers of the utilities.

1.10 "Meter" means a device which measures and records the quantity of water supplied to a Customer.

1.11 "Company Service Line" means that portion of the water service line and appurtenances from the main to the Customer Service Line that is paid for and/or owned by the Company.

1.12 "Customer Service Line" means that portion of the water service line and appurtenances from the Customer's Premises to the Company Service Line, which is paid for and/or owned by the Customer. When the Meter is outside the Premises, the Customer Service Line is from the Meter pit to the Premises. When the Meter is inside the Premises, the Customer Service Line is from the stop box to the Premises.

1.13 "Premises" as contemplated in these Rules, shall mean and include:

1.13.1 A building under one roof and occupied as one business or residence; or

1.13.2 A combination of buildings owned or leased by one party in one common enclosure or a single tract of land not crossed by public streets, roads, or ways, and occupied by one family or business; or

1.13.3 a building owned or leased by one party, having two or more apartments, offices, or suites of offices, and using one or more halls and entrances in common; or

1.13.4 a double house having a solid vertical partition wall or a building erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, and where separate water supply plumbing would not be practicable; or

1.13.5 each residential or business single occupancy unit, served through one street service connection in a building which is not a premise otherwise defined in these Rules.

1.13.6 any other location at which the Company provides metered service to a Customer in

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Approved:

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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

accordance with these Rules regardless of whether there is a structure or building at that exact location.

1.14 “Fire Service Connection” is one to which is attached fixtures from which water is taken only for the extinguishment of fire.

1.15 "Public Fire Hydrant" - All public fire hydrants contracted for or ordered by Urban County, Municipality, County, State or Federal Agencies or Institutions. These must be located on or immediately adjacent to public right-of-way.

1.16 "Private Fire Hydrant" – All hydrants contracted for or by private entities on private property for the use of that entity or on private right-of-way. Also for public agencies for hydrants not located on public right-of-way.

1.17 “New Private Fire Hydrant Service” is available to areas before such time as a unit of government shall agree to pay public fire protection charges thereon in accordance with Rule 11 herein.

1.18 "Private Fire Service" – All private and public fire protection service lines with hose connections or sprinkler systems charged by line size.

1.19 “Temporary Service Connection” is one which is installed for the temporary use of water, including service to individual mobile homes. Provided: They are located on lots having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company extending for at least one-half of the frontage of the lot on said street or highway.

1.20 “Rate” means the Company’s Schedules of Rates and Tariffs then in effect.

1.21 “Rules” or “Rule” means these Company Rules and Regulations applicable to water service.

2. SERVICE & APPLICATIONS

2.1 Rules and Regulations Governing Rendering of Service

(a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of water service and every Customer will be bound thereby. The Rules and Regulations and Service Classifications contained in this tariff apply in the service territory of Kentucky-American

Water Company.

(b) Except fire and some special connection services, all service will be rendered on a Meter basis. Residential, commercial, industrial and OPA service are only regularly available for single Premises as "Premises" is defined in these Rules.

2.2 Requests for Water Service

(a) All persons, entities, firms, corporations or OPA's desiring water service, must request service from the Company in a manner prescribed by the Company, setting forth all purposes for which water will be used at the Premises for which service is requested. All information provided by the Customer must be true, accurate and kept up to date.

(b) Any change in the identity of the Customer at a Premises will require a new request for water service and the Company may, after reasonable notice, discontinue the water supply until such new request has been made and accepted.

(c) A Customer who has requested service and been accepted by the Company, shall be held liable for all water service furnished to the Premises until such time as the Customer properly notifies the Company to discontinue the service for his/her account at the Premises.

(d) An activation fee will be charged in accordance with the Company's Tariff.

(e) No Customer receiving water service from the Company will be permitted to use water for any other purpose than that for which they shall have requested and the Company shall have approved.

(f) The Company may refuse service to a Customer with an outstanding, unpaid balance due until the Customer pays the balance due.

2.3 Special Arrangements for Water Service

(a) Water for building or construction purposes must be specially applied for.

(b) Connections for private fire service and private fire hydrant service must be specially applied for.

(c) Water for transient or temporary purposes must be specially applied for.

KENTUCKY-AMERICAN WATER COMPANY

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3. BILLING, ABATEMENTS & REFUNDS

3.1 Abatements and Refunds

Abatement shall be made for leaks in service pipes or fixtures belonging to the Customer in accordance to Tariff.

3.2 Meter Bill Adjustment

(a) Whenever a Meter in service is found upon periodic request or complaint test to be more than two percent (2%) fast, additional tests shall be made at once to determine the average error of the Meter. Said tests shall be made in accordance with the Commission's regulation applicable to the type of Meter involved. Meter testing shall be conducted in accordance with the then-applicable Rules.

(b) Determination of Meter Error for Bill Adjustment Purposes. When upon periodic request or complaint test, a Meter is found to be in error in excess of the limits allowed by the Commission's regulations, three additional tests shall be made; one at 75% of rated maximum capacity; one at 50% of rated maximum capacity; one at 25% of rated maximum capacity. The average Meter error shall be the algebraic average of the errors of the three tests.

(c) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) fast, then the Customer's bill, for the period during which the Meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for comparison purposes in calculating the time period. (See exception in Section (f) of this Rule).

(d) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) slow, then the Customer's bill for the period during which the Meter error is known to have existed, may be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for

comparison purposes in calculating the time period. The Company will limit the period of recovery for under-billing to only the most recent twelve (12) months of under-billing, even if the under-billing occurred for a longer period.

(e) It shall be understood that when a Meter is found to have an error in excess of two percent (2%) fast or slow the figure for calculating the amount of refund or the amount to be collected by the Company shall be that percentage of error as determined by the test; i.e., it is the duty of the Company to maintain the accuracy of its measuring device as nearly one hundred percent (100%) as is commercially practicable. Therefore, percent error shall be that difference between one hundred percent (100%) and that amount of error as indicated by the test.

(f) The burden of maintaining measuring equipment so that it will register accurately is upon the Company; therefore, if Meters are found upon test to register fast and if time for periodic test has overrun to the extent that one-half (1/2) of the time elapsed since the last previous test exceeds twelve (12) months, the refund shall be as specified in Section C of this Rule and in addition thereto, a like refund for those months exceeding the periodic test period; provided, however, that the Commission may relieve the utility from this requirement in any particular case in which it is shown that the failure to make the periodic test was due to causes beyond the utility's control.

3.3 Terms and Conditions of Billing and Payment

(a) All fire service charges shall be payable monthly in arrears.

(b) Bills for water service by Meter will be rendered monthly with ending dates as may be determined by the Company.

(c) Bills for private fire hydrants shall be payable monthly in advance, except that the charges for private fire hydrant service shall be payable as set forth in Rule 11.

(d) Special charges shall be payable upon demand.

(e) All bills for water and service are due and payable when rendered and are considered delinquent if not paid in accordance with Tariff and Commission regulations. Failure to pay will render the Customer subject to disconnection and subject to payment of reconnection in Tariff. If any bill for water service is not paid in accordance with Tariff, the service may be discontinued in accordance with Rule 4, Disconnecting & Reconnecting Service.

(f) Customers are responsible for furnishing the Company with their correct billing

addresses (email or postal address). Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent.

(g) All bills will be sent to the billing address (email or postal address) provided when requesting water service unless the Company is notified in writing by the Customer of any change of billing address.

(h) The Company will not be bound by bills rendered under mistake of fact as to the quantity of service rendered.

(i) The use of water by the same Customer in different Premises or localities will not be combined.

(j) If for any reason service is discontinued before the expiration of twenty-five (25) days from commencement of service, a bill for a prorated portion of the minimum service charge for the month will be rendered.

(k) Residential Customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers shall pay a fixed monthly amount determined by the Company based on historical or estimated usage. A Customer may enroll in such a plan at any time by contacting the Company. The Company will issue bills so as to bring each customer's account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a Customer fails to pay bills as required under the plan, the Company reserves the right to remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

4. DISCONNECTING AND RECONNECTING SERVICE

4.1 Discontinuance of Water Service

(a) Water service will be discontinued to any Premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, and upon payment of all charges due as provided for in the Rates and Rules of the Company.

(b) The Company shall discontinue the Customer's service for violation of any Rule or for non-payment of bills upon providing the Customer with at least ten (10) days written notice

delivered by mail or personally delivered to him/her or a member of his/her household, advising the Customer of what Rule had been violated and for which service will be discontinued if violation continues. However, discontinuance of service shall be effected no less than twenty (20) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the Company a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises. In that case, discontinuance may not be effected for thirty (30) days beyond the termination date as calculated above. Where fraudulent use of water is detected, or where the Company's regulating or measuring equipment has been tampered with, or where a dangerous condition is found to exist on the Customer's Premises, service may be shut off without advance notice. Subject to the foregoing provisions, service rendered under any application, contract or agreement may be discontinued by the Company for any of the following reasons:

i. For willful or indifferent waste of water due to any cause which adversely affects either water service to other Customers or the Company's utility operation.

ii. For failure to protect from injury or damage the Meter and connections, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer, in a condition satisfactory to the Company.

iii. For interfering or tampering by the Customer, or others with the knowledge of the Customer, with any Meter, connection, service pipe, curb stop, seal or any other appliance of the Company controlling or regulating the Customer's water supply.

iv. For failure to provide the Company's employees free and reasonable access to the Premises or for obstructing the way of ingress to the Meter or other appliance of the Company controlling or regulating the Customer's water supply (with at least fifteen (15) days advance written notice).

v. For non-payment of any account for water supplied, for water service, or for Meter or service maintenance, or for any other fee or charge at the Premise accruing under these Rates and Rules. Discontinuation of service for non-payment on an account shall only be made at the Premise associated with that Account and will not occur for other accounts held by the same Customer that are current in payments unless the Customer has requested multiple accounts or premises be combined for billing purposes.

vi. In case of vacancy of the premises.

vii. For violation of any other Rule or Regulation of the Company or State and Municipal Rules and Regulations applying to the Company's water service.

(c) In cases where plumbing has been installed prior to adoption of and not in accordance with these Rules, and where water is being taken through a single service pipe to supply two or more Premises, the party making application shall be responsible for all water bills and other legitimate charges. Any violation of the Company Rules with reference to either or any of the said Premises or for the supply of water thereto, shall be deemed a violation as to all, and the Company may enforce compliance with these Rules by shutting off the entire service except that such action will not be taken until the innocent Customer who is not in violation of the Company's Rules, has been given a reasonable notice and opportunity to attach his pipes to a separately controlled curb stop, to be provided by and at the expense of the Company.

(d) Discontinuing the supply of water to a Premises for any such reason shall not prevent the

Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.

4.2 Renewal of Water Service After Discontinuance

(a) When water service to a Premises has been terminated for any reason other than temporary vacancy, it will be renewed only after the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon payment of all charges due and payable by the Customer in accordance with the Rates and Rules.

(b) No Customer whose service has been turned off shall turn on same, or have same done by anyone other than the Company.

4.3 Reconnection Charge

When it has been necessary to discontinue water service to any Premises because of a violation of the Rules or on account of non-payment of any bill, a charge will be made to cover the expense as set forth in the Company's Schedule of Rates and Charges. This charge, together with any arrears that may be due the Company for charges against the Customer, must be paid before the water will be reconnected.

5. COMPLAINTS

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 12

5.1 Customer Complaints

Any complaint against the service or employees of the Company may be made at the office of the Company or by telephone, mail or email. The Company will handle all Complaints in accordance with regulatory requirements.

6. METERS, TESTING AND ACCURACY

6.1 Meters

(a) Water will be sold by Meter measurement only.

(b) All Meters, except private detector devices and/or private service line Meters, will be installed, maintained and replaced by, and at the expense of the Company, but in case of damage to such Meters by reason of any act, neglect or omission on the part of the Customer (such as damages occasioned by accident or misuse or purposeful actions) the Customer shall pay to the Company the cost of its repair on presentation of bill therefore.

(c) The Company reserves the right to determine the kind and size of Meter that shall be placed on any service pipe, and such Meters will be furnished, installed and removed by the Company alone, and shall remain its property.

(d) Each Premise shall be supplied through an independent Meter setting.

(e) If more than one Meter setting is installed upon a Customer's Premise, the usage of all Meters on a Premise may be combined for billing purposes if so requested by the Customer. Combined billing will be continued as long as the Premises criteria is met.

(f) All Meters are accurately tested before installation and are also periodically tested in accordance with the Public Service Commission's regulations. The Company may at any time remove any Meter for periodic tests or for repairs or replacement and may, at its option and expense, test any Meter when the Company has reason to believe that it is registering inaccurately.

(g) The Company shall make any test of any Meter upon written request of the Customer if the request is not made more frequently than once each twelve (12) months. The Customer shall be given the opportunity to be present at the requested test. The Customer may be billed the actual cost of making the test, but should the said Meter be found, upon said test, to be more than two percent incorrect to the prejudice of the Customer, the fee so charged shall be returned to the Customer.

KENTUCKY-AMERICAN WATER COMPANY

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(h) The Company reserves the right to put seals on any water Meter, or on couplings in and for any premises, and may shut off the supply if such seals are found broken or removed.

(i) Once any Meter has been placed, any change in location requested by the Customer will be done by the Company, at the expense of the Customer, if the location is acceptable pursuant to 6.1(k).

(j) Monitoring of Customer usage shall be in compliance with the then-applicable Rules and Regulations. The Company monitors Customer usage on a monthly basis through its collection of usage information. Upon the collection of that information, the Company compares usage for a particular month with a Customer's historical usage. To the extent the current month's usage shows an unusual deviation from historical usage, the Company will notify the Customer and take steps to determine the reason for the unusual deviation.

(k) Meters may be located either in an outdoor Meter box or vault, at the option of the Company. The location of the Meter must be acceptable to the Company and allow for the Meter to be easily examined, tested, repaired, read, removed or replaced. The Meter box or vault shall be located in a convenient and readily accessible location acceptable to the Company. The Meter box or vault must be constructed to protect the Meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water. After a Meter is installed by the Company, a Customer shall not tamper with, alter, repair or remove the Meter or allow anyone other than the Company to do so. Any plumbing, piping, grading or structural modification which could result in the relocation of the Meter or impact accessibility must first be approved by the Company.

6.2 Accuracy Requirements of Water Meters

(a) General. All meters used for measuring the quantity of water delivered to a customer shall be in good mechanical condition and shall be adequate in size and design for the type of service which they measure.

(b) Determination of Accuracy. No new, rebuilt or repaired meter shall be placed in service if it registers outside the parameters established in the then-applicable Rules and Regulations.

(c) As Found Tests. All meters tested in accordance with the rules for periodic, request or complaint tests, shall be tested in the condition as found in the Customer's service prior to any alteration or adjustment in order to determine the average meter error.

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7. PROTECTION OF PUBLIC WATER SYSTEM

7.1 Intercepting and Storage Tanks

(a) Customer Service Lines shall not be connected to the suction side of pumps, unless approved by the Company. Customers who require a large quantity of water within a short period of time must have intercepting or intermediate storage tanks, pump discharge control valves, or other controls approved by the Company.

(b) The inlet connection for the tanks attached directly or indirectly to the Customer Service Line shall discharge at a point no less than two (2) times the diameter of the inlet pipe above the overflow of such tanks and must be approved by the Company.

7.2 Check Valves, Flush Valves and Vacuum Breakers

(a) Customers having boilers or hot water heating systems connected with mains of the Company must have a check valve in the supply pipe to the boilers and hot water heating systems, together with a relief valve at some point between the check valve and heating system. A vacuum valve should be installed, in accordance to applicable plumbing requirements, in the steam line to prevent collapse in case the water supply is interrupted. The Company, however, will not be responsible for accidents or damages resulting from the imperfect action or failure of said valves.

(b) Flush valve or direct flushing closets should not be installed in Premises where the service pipe supplying such Premises is connected to a main two inches or less in diameter. All flush valves shall be equipped with approved type vacuum breakers.

7.3 Plumbing Work Must Be Approved by Company

All plumbing work done in connection with pipe and fixtures connected with the Company's mains shall be submitted for the approval of the Company before such work is covered up. Whenever the Company determines that plumbing work is defective, the Company may require it be corrected before the water will be turned on.

7.4 Cross-Connections

(a) No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided by a testable backflow prevention assembly. Acceptable forms of protection must comply with all applicable state and local requirements and approved by the Company. The required protective device or system shall be provided, installed and maintained by the Customer in good working condition, at the

Customer's expense, and shall be subject to testing and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.

(b) Any cross-connection existing which is in violation of these Rules shall be immediately removed or corrected. Failure of the Customer to do so may result in immediate termination of water service in accordance with Rule 4.

8. RIGHTS AND RESPONSIBILITIES

8.1 Customers Requiring Uninterrupted Supply

(a) The Company will endeavor to give reasonable service but does not guarantee a sufficient or consistent pressure or an absolutely uninterrupted supply of water, and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as for steam boilers, domestic hot water systems, gas engines, etc.

(b) Fixtures or devices taking a supply of water directly from the service pipes, depending upon the hydraulic pressure of the pipe system of the Company for supplying same under working pressure, will do so at the risk of the parties making such attachments, as the Company will not be responsible for any accidents or damages to which such fixtures or devices are subject.

8.2 Interruptions in Water Supply

(a) The Company reserves the right at any time to shut off the water in the Mains without notice in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for fire protection or other emergencies whenever the public welfare may so require in accordance with Commission Rules. Notwithstanding any other provision in these Rules or any contract or agreement between the Company and any Customer, when, in the judgment of the Company, sufficient supplies of water are not available to the Company, for any reason, to meet all existing and reasonably anticipated demands for service or to preserve and replenish its storage in amounts sufficient to provide fire protection on its system, the Company shall have the right to restrict, limit, curtail or interrupt water service to or water usage by any Customer or Customers.

(b) The temporary shutting off of water from any Premises for any cause, whether non-payment of bills, leaking pipes, fixtures, etc. shall not cancel a contract for water supply service except at the option of the Company or upon notice from the Customer.

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8.3 Liability of Company

(a) The Company shall not in any way or under any circumstances be held liable or responsible to any person or persons for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause whatsoever. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.

(b) The Company will make every effort to maintain a pressure on the distribution system that is required for reasonable service and is compliant with federal and state requirements, but it does not guarantee to furnish at all times any given quantity for fire uses or for general purposes.

(c) The Company shall not be responsible for accidents or damages to boilers, hot water tanks, etc., resulting from the discontinuance of service, nor by reason of the breaking of any main, water pipe, fixture or appliance whether owned by the company or Customer, and no person shall be entitled to damages nor have any portion of a payment refunded for any interruption of service. The Company will exercise every care in this matter, and in the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.

(d) The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. The Company agrees to furnish such supply of water as shall then be available and not other or greater, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

8.4 Meters

No person shall turn the water on or off at any street valve, Company stop, curb stop or other street connection, or at meter setting or meter vault, or disconnect, remove or bypass any meter without the consent of the Company. The Company has the right to prosecute for any damage resulting from any unauthorized tampering with Company property.

8.4 Electrical Ground

No electric wires shall be grounded on the mains of the Company or on any Company Service Lines or pipes or fixtures of any kind which have a metallic connection with the mains of the Company. The Company has the right to prosecute for any damage resulting violation of this Rule.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

8.5 Limitations on Resale of Water

Water furnished to any customer, except for a customer classified as a "Sales for Resale" customer, is for the customer's use only and such water shall not be resold by the customer to any other person, firm, or corporation on the customer's premises or for use on any other premise. This restriction, however, does not preclude a customer from allocating the Company's billing to the customer to any other person, firm, or corporation provided the sum of such allocations does not exceed the Company's billing.

9. CUSTOMER AND COMPANY SERVICE LINES

9.1 Company Service Lines

(a) Subject to Rule 10 on Main extensions and subject to the terms of any applicable Main extension agreement, the Company will install a Company Service Line provided that it is required for the immediate and continuous supply of water in order to furnish general water service, and that the Premise to be served abuts a street, highway or right-of-way in which a Main is located.

(b) The Customer shall install the Customer Service Line to a point approved by an authorized employee of the Company, after which the Company will have the Company Service Line installed from the Main to the Customer Service Line upon payment by the Customer of the tap fee. Where the Company Service Line is already installed, the Customer Service Line shall be connected to the Company Service Line at a point approved by an authorized employee of the Company.

(c) The Company Service Line shall be sized, furnished, installed, owned and maintained only by the Company and shall remain under its sole control. Only the Company may make connections to its Mains. Nothing may be attached to the Company Service Line except a Customer Service Line. The connection to the Company Service Line must be made by an authorized employee or agent of the Company, or a licensed plumber.

9.2 Customer Service Lines

(a) The Company will specify the location of the connection to the Customer Service Line. The Customer Service Line shall be installed, maintained, and/or owned by the Customer, at the Customer's expense and risk. The Customer Service Lines shall be installed in accordance with applicable plumbing requirements.

(b) Each Premise shall be served by no more than one Customer Service Line unless otherwise approved by the Company. Customer Service Lines supplying the Premises shall not pass through or across any other Premises. No water pipes or plumbing in any Premises shall be extended from

there to any other Premises.

When a Customer Service Line is relocated at the Customer's request, or when no associated relocation of the Company's Service Lines or other infrastructure is occurring, the Customer shall be responsible for the cost of such relocation. In instances where a Customer Service Line is required to be relocated due to roadway construction or other causes not within Company control, and the Company's Service Lines or other infrastructure is also being relocated, the Customer shall not be responsible for the cost of such relocation unless the Customer requests a specific location different than that specified by the Company.

A Customer's Service Line which is irregularly located because there was no Main abutting the Premises at the time such Customer Service Line was installed shall, at the Customer's expense, be relocated and connected to a new Company Service Line on the Main abutting the Premises when it becomes necessary for such Customer Service Line to be repaired or replaced.

(c) A Customer, occupant, owner, or any agent thereof is not authorized to attach the Customer Service Line to Company property or shut the water line on or off. If a Customer, occupant, owner, or any agent thereof does so, and in making an attachment or in shutting off or turning on water does not properly replace the curb box cap or Meter lid, or damages the curb stop, curb box, copper setter, or other property of the Company, repairs shall be made only by the Company, but at the Customer's expense. If a Customer, occupant, owner, or any agent thereof takes any unauthorized action described therein, the Company shall not be liable for any personal and property damage caused to Customer's property.

(d) The Customer Service Line and all connections and fixtures attached thereto shall be subject to the approval of the Company before water will be turned on. All Premises receiving a supply of water and all Company Service Lines and Meters and appurtenances, including any and all fixtures within the Premises, shall at all reasonable hours be subject to inspection by any duly authorized employee or agent of the Company.

(e) Only an authorized agent of the Company may turn water on and off in the meter box. In case of emergencies, licensed plumbers may turn water on and off if a shut off valve is not available in the Premise and must notify Company within 24 hours of doing so.

10. WATER MAIN EXTENSIONS

10.1 General Main Extensions Rules

(a) In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be

used, provided, however, the estimated cost to the Customer or Customers shall not be based on a pipe diameter in excess of eight (8) inches, unless actual consumption estimated for the proposed Customer or Customers requires a larger pipe.

(b) No interest will be paid by the Company on the Applicant's payment or on any balances not refunded. At the expiration of said ten-year period, the refund account will be closed, and no further refunds will be made.

(c) Extensions made under this Rule shall be and remain the property of the Company.

(d) The Company reserves the right to further extend its water mains from and beyond the end of each Water Main Extension made under this Rule. The Applicant or the Applicant's agent paying for an extension shall not be entitled to any refund for the connecting of Customers to any further extension of mains installed.

(e) In determining the length of main extensions to be installed, the main shall be extended to fully cover the frontage of the property, and if the last lot to be served is a corner lot or a lot immediately adjacent to a corner lot, the terminal point of the extension made hereunder shall be located so that the main laid hereunder ties in with the existing main located in the intersecting street; and further provided that if there is no main located in the intersecting street, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street or to the edge of subdivision property, including common area.

10.2 Main Extensions for Other than in New Subdivisions

(a) For Free Extensions, the Company will, upon written request for Residential service by a prospective Residential Customer or a group of prospective Customers located in the same

neighborhood, make free of charge an extension necessary to give service, when the estimated total revenue, for a period of three (3) years from the prospective Customer or Customers is approximately equal to the cost of the extension; provided that the prospects are that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

(b) For Extension Above Limit, if the extension required in order to furnish general water service at any point within the corporate limits of the municipality or for any adjacent suburb of the municipality is greater than the cost of the free extension specified herein, such an extension will be made under the following conditions: the Company shall require a deposit of the cost of the extension above the free limit and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end within a period of ten

(10) years from the making of such extension, refund an amount equal to three times the estimated annual revenue of the new Customer, but at no time shall the aggregate refund made to any Customer exceed the original deposit of such Customer.

(c) The free extension or refund amount shall not be reduced below that applicable to fifty (50) feet of main per Customer. A prospective Customer is one who will connect to such main extension within the refund period after the date the water is turned on in the main; provided further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customer will take water service within the aforementioned refund period.

10.3 Main Extensions for New Subdivision

(a) Definitions

i. The term "new subdivision" as used herein shall mean any new subdivision of residential and/or commercial lots for which a preliminary or final plat has been approved by the local planning and zoning authority, and in which the owner thereof has the right, under the rules of said Authority, to construct streets, sidewalks, curbs and other improvements.

ii. The term "lot" as used herein shall mean any plot of ground laid out for building purposes, the front footage of which does not exceed one hundred feet. Should the frontage of any plot exceed one hundred feet, it shall, for the purposes of this Rule be considered as a single lot, if the average footage of all lots in the subdivision does not exceed one hundred feet. If the average frontage of all lots in the subdivision does exceed one hundred feet, the total number of lots in the subdivision shall be determined by dividing the total frontage of all the lots in the subdivision by one hundred feet.

iii. The term "on site facilities" as used herein shall include only those water mains and related facilities, if any, to be installed by Company and located within the boundaries of the new subdivision or part thereof as said boundaries are depicted on the preliminary (or final, if applicable) plat of such subdivision or part thereof approved by the local planning and zoning authority.

iv. The term "off-site facilities" as used herein shall include all water mains and related facilities, if any, to be installed by Company and located outside of the boundaries of said new subdivision as said boundaries are depicted on

the preliminary (or final, if applicable) plat of said subdivision as approved by the local planning and zoning authority, in order to deliver an adequate supply of water from existing mains of Company to such new subdivision.

v. The term "current estimated cost" as used herein shall mean that sum determined by Company as the estimated cost of installing one foot of water main, together with that sum determined by Company as the estimated cost of installing each type of appurtenant related facility based upon current materials costs, bids received, and other current project data. Such average cost per foot and such average cost per appurtenant facility shall be deemed to be the "current estimated cost" for such mains and facilities during the twelve month period immediately following such determinations, it being contemplated that the current estimated cost will be revised annually in order to keep same as current as practicable.

(b) Before water lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the established sub-grade; and the developer or builder of such new subdivision shall furnish the Company with a right-of-way agreement suitable in form to the Company, unless the streets of the new subdivision have been dedicated to the public use.

(c) When an extension of Company's water distribution system into any new subdivision or part thereof as defined herein is requested by the owner of such subdivision, such extension will be made under the terms of a "New Subdivision Extension Deposit Agreement for Off Site Facilities" as hereinafter set forth in the Appendix, and/or a "New Subdivision Extension Deposit

Agreement for On Site Facilities" as hereinafter set forth in the Appendix, which Agreements shall be entered into upon the following basis:

i. Company shall have the exclusive right to determine the type, location and size of mains to be installed and of the related facilities required to render adequate service.

ii. The owner of the new subdivision may elect to develop it in sections or units and to have main extensions made into such sections or units from time to time as the same are ready for development and may elect further to have the entire subdivision considered as a whole for the purpose of making deposits and receiving refunds for off-site facilities under Company Rule No. 10. In such event, owners shall furnish Company with preliminary or final plats of the unit or units thereof to be initially developed, such plats to be

approved as hereinafter provided, such plats to be so furnished prior to the making of any extensions into said new Subdivision. As subsequent units of said subdivision are thereafter developed, preliminary or final plats so approved thereof shall be furnished to Company as hereinafter provided. Upon delivery to Company by the owner of such subdivision of four (4) copies of a preliminary or final plat of the subdivision or units thereof, duly approved by the Local planning and zoning authority, which plats shall depict the location and grade of all streets, sidewalks, building plots, building lines and utility easements contained therein, together with evidence of the owner's authority to construct streets, sidewalks, curbs and other improvements therein, Company shall prepare appropriate plans and specifications for the installation of necessary mains and related facilities to render adequate service therein, including where applicable, such off site facilities as deemed necessary and upon delivery to Company by the owner of such subdivision, any other information requested by the Company.

iii. Separate Extension Deposit Agreements, in the form provided in the Appendix, shall be entered into by the owner of the subdivision and Company for off-site facilities and for each separate unit in which on site facilities are requested, provided, moreover, that the ten (10) year refund period applicable in such agreements shall apply separately to each such transaction.

iv. When plans and specifications for installation of such mains and related facilities are completed, Company shall determine the presumed cost of construction and installation of such mains and related facilities which presumed cost shall be the aggregate of (1) the total number of feet of each size and grade of main required in such construction multiplied, respectively by Company's current estimated cost for each such size and grade of main, and (2) the total cost of installation of all related facilities required in such construction as determined by Company's current estimated cost for each of such facilities. In absence of actual cost data upon which to prepare a current estimated cost for any particular required related facility or size and grade of main, the presumed cost thereto shall be the best estimate of Company with respect to the cost of such mains or related facilities based on available information with respect to same. In

making such determinations of presumed cost of construction, Company shall separately compute the cost of installation and construction of on-site mains and facilities required and the cost of off-site mains and facilities required.

v. When such determination of presumed cost of on-site mains and facilities and presumed cost of off-site mains and facilities required has been completed, the sums to be deposited by the owner of such subdivision with Company under the terms of the "New Subdivision Extension Deposit Agreement for On Site Facilities" and the "New Subdivision Extension Deposit Agreement for Off Site Facilities" if applicable, shall be determined by Company and shall be (1) the total presumed cost of all on site mains and related facilities of the new subdivision or any part thereof to be constructed as determined as herein provided, and (2) (a) the presumed cost of ten (10) feet of off-site mains and facilities multiplied by the total number of building plots shown on and included within the whole of said new subdivision or (2) (b) the presumed cost of all required off site facilities, whichever be the smaller sum. The presumed cost per foot of off-site mains and facilities as used in this computation shall be determined by dividing the total presumed cost of all off site mains and related facilities by the total footage of such off site mains. In the event it is necessary to construct off site mains for a distance in feet greater than ten (10) times the number of building plots included within the whole of said subdivision as depicted on the initial submitted plat thereof, such excess off site extension will not be made under the "New Subdivision Extension Deposit Agreement for Off Site Facilities", but shall be made under an Extension Deposit Agreement as provided in the Appendix of these Rules.

vi. For each Premises served for which a street service connection shall be directly attached to such main extension between its original beginning or original terminus, excluding connections to further extensions or branches thereof, and crediting no more than one such service connection per building plot, Company shall refund to the owner of such subdivision under terms and provisions of New Subdivision Extension Deposit Agreements separately executed each for on-site and off-site improvements, amounts determined as follows:

a. For on-site facilities, the quotient obtained by dividing the total presumed cost of all on site mains and related facilities, determined as provided in Section (c) vi above for that part of the new subdivision then to be developed, by the total number of lots,

determined as provided in Section (a) ii herein, which will be served by the on-site facilities then to be developed and as shown

on the preliminary or final plat of the part of the subdivision to be developed.

b. For off-site facilities, the quotient obtained by dividing the deposit for off-site facilities, determined as provided in Section (c) iv above, by the total number of building plots shown on and included within the whole of said subdivision and shown on the preliminary or final plat of the whole subdivision delivered to Company as provided in Section (c) ii above.

vii. The owner of such subdivision, in consideration of an accelerated development of said subdivision to be obtained through Company's proceeding, on the basis of a preliminary plat, with its plans and specifications, and, at Company's option, with construction of its mains and facilities, shall, as a part of the New Subdivision Extension Deposit Agreements for both Off Site and On Site Facilities, warrant to Company that the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements as depicted on said preliminary plat will not be altered or changed in any respect in the final plat of said subdivision or part thereof, as finally approved by the local planning and zoning authority and recorded in the Office of the County Clerk. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision or part thereof as approved by said Authority or as recorded in the office of said Clerk, whether such changes are made with or without the consent of said subdivider, and in the event such alteration,

amendment or change requires, in the sole judgment of Company, the relocation, removal, replacement, reconstruction, change in site or additions to the mains and related facilities, the subdivider shall indemnify and hold harmless Company of and from any and all damages and costs of such removal, replacement, relocation, reconstruction and any all other expenses or costs relating to Company because of the change of location or grade of streets, curbs, sidewalks, lots, building lines or utility easements in said subdivision or part thereof.

(d) Company shall, upon written request of any owner of a new subdivision, with who a contract has

been entered into under these Rules, made within thirty (30) days after effective date of these Rules, re-execute such agreements under terms of these Rules.

11. PUBLIC AND PRIVATE FIRE SERVICE

11.1 Application for Private Fire Service

(a) The extent of the rights of the Customer for private fire service is to receive, but only at times of fire at the Premises served by the private fire service, such supply of water as shall then be available. The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fires, or to protect any persons or property against loss or damage by fire, or otherwise, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water failure to supply water or pressure, or for any other cause whatsoever.

(b) The applicant or its agent shall complete an "Application for Special Connection," which is available at the Company's offices. Service connections for water to be taken for the extinguishment of fire shall be made only upon the terms as provided for in the "Application for Special Connection," and then only after such application has been submitted by the Customer and approved in writing by the Company and the applicable Fire Department.

(c) A gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Company, and said valve and post indicator shall be furnished, installed and maintained by the Company at the expense of the Customer, and unless otherwise approved by the Company, said valve shall be installed which shall be furnished, installed and maintained by and at the expense of the Customer.

(d) The Company will make the connection to its mains at the cost and expense of the Customer, and the service connection from the main to the post indicator valve as described in Section 11.1 (c) will be furnished, installed, owned and maintained by the Company and at the cost and expense of the Customer.

(e) The entire private fire service system on the Customer's premises shall be installed by and at the expense of the Customer and shall be subject to the inspection, test and approval of the Company before the service is made effective, and at such time thereafter as may be deemed necessary by the Company.

(f) A private fire service connection is furnished for the sole purpose of supplying water for the testing of the system and the extinguishment of fires, and the use of water from such a connection for any other purpose is absolutely forbidden.

(g) Private fire protection service may at any time be furnished at the option of the Company through a line

guarded by an approved fire line meter or detector device which shall be furnished and installed by the Company at the expense of the Customer. The meter shall be set in an approved vault or chamber, properly drained and protected, located at a point as near as possible to the curb line, and said vault or chamber shall be constructed and maintained by the Company at the expense of the Customer. The private fire meter or private detector device will be maintained by the Company, but at the expense of the Customer.

(h) Hydrants and other fixtures connected with a private fire service connection may be sealed by the Company, and such seals shall be broken only in case of fire or as specially permitted by the Company, and the Customer must immediately notify the Company of the breaking of any such seal.

(i) No pipe or fixtures connected with a private fire service connection served by the Company shall be connected with pipes or fixtures supplied with water from any other source. An industry approved backflow prevention device reviewed by the Company must be installed on private fire service connections and such device must be tested annually thereafter.

(j) The entire private fire service connection and all parts of it which are located outside of the property line of the Customer and any meter or other indicating or controlling device and all parts and appurtenances thereof no matter where located shall be accessible and available in a safe manner to the Company at all times.

(k) The Company shall determine the size and location of any connections made to its mains for private fire service.

(l) The Customer shall furnish an accurate sketch or drawing showing the pipes, valves, hydrants, connections and appurtenances on the premises of the Customer and connected with the mains of the Company and also an accurate sketch of any other water pipe system and fixtures that may exist on the premises.

(m) Whenever a fire service system is to be tested under the regulations of the fire insurance underwriters, the Customer shall notify the Company of such proposed test, naming the day and hour when same is to be made, so that, if desired, the Company may have an inspector present during the test.

(n) All applications for private fire protection shall be subject to the written approval of the applicable Fire Department. It is the Customer's responsibility to obtain this approval.

(o) All subsequent owners of the property containing private fire service, assume all responsibilities under the original Application for Special Connection.

11.2 Terms and Conditions for New Private Fire Hydrant Service

(a) Applicants and Customers subject to this tariff are also subject to Rule 11.1(a), (b), and (f), which are

incorporated by reference as if set forth herein.

(b) The entire cost for labor, materials and other expenses incurred in installing the private fire hydrant connection, consisting of tapping the main and installing the hydrant branch and hydrant at a convenient point between the curb and property line, will be paid by the Applicant and any work done by the Company in connection therewith will be at the expense and risk of the Applicant.

(c) Advance payment of three years' private service rate in Service Classification No. 4 for each private fire hydrant by the applicant will be required at the time the contract is signed for private fire hydrant service.

(d) Water used for extinguishing fires will not be charged. Prompt notice of hydrant use is to be given to the Company in order that the installation may be inspected.

(e) Except for hydrants owned by private entities as set forth in their contract with the Company, title to the service connection and hydrant shall, upon completion of construction, become vested in the Company, which thereafter shall assume responsibility for maintenance. Regardless of ownership, all parts and appurtenances shall be accessible and available to the Company at all times.

(f) No private fire hydrant will be installed at a location where the normal flow from the hydrant is less than 500 gallons per minute with a 20 pounds per square inch residual pressure in the main serving the hydrant.

(g) After expiration of the initial three-year advance payment of the private service rate by the applicant, the applicant will continue to be responsible for charges for this service. The applicant may request the Company's consent to transfer responsibility for the private service rate to an entity in good standing in the state in which the entity was organized. Any such request must be approved by the applicant, the entity to which the responsibility is being transferred, and the Company in order to be effective.

(h) Failure to pay the private service rate shall be sufficient cause for discontinuance of water service after reasonable notice by the Company.

(i) The private service rate shall continue in effect until such time as a unit of government shall agree to pay public fire protection charges thereon.

11.3 Public Fire Hydrants

(a) No person, except for the legitimate purpose of extinguishing fires or for other purposes herein provided, shall open any fire hydrant without the consent of the Company.

(b) During freezing weather, the City or County shall notify the Company after it has opened any hydrant.

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(c) Any expenses for repairs caused by the negligence of the employees of the municipality or by members of the fire department shall be paid for by the municipality.

(d) The use of fire hydrants will be restricted to the taking of water for the extinguishing of fires, and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers or gutters or for any other use, unless specifically permitted by the Company for the particular time and occasion.

(e) Inspections and tests of public fire hydrants will be made by the Company at convenient times and reasonable intervals.

(f) Whenever a change in location, size or type of a fire hydrant is ordered, requested, or made necessary due to change in line or grade of any roadway, curb or walk, said change will be made by the Company at the expense of the municipality or other party ordering, requesting, or making necessary such change.

(g) In the event that the City or County shall order in writing the installation of additional fire hydrants on existing mains having an internal diameter of six inches or larger, the Company will install such hydrants at its own cost and expense, provided that such mains are of adequate capacity to provide the required fire flows.

(h) Where pipe line installations are required to carry out a written order of the City or County to install fire hydrants, or where existing mains, in the opinion of the Company, are inadequate to provide required fire flows to such hydrants, and the City or County orders in writing the installation of a water main of adequate size to provide such flows to the hydrant or hydrants so ordered, the Company will install such mains and hydrants at its own cost and expense, provided that the estimated cost of the extension does not exceed the estimated total revenue for a period of three (3) years from such hydrant or hydrants and from prospective Customers who will connect to such main within thirty (30) days after the date that water is turned into the main; and provided, further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customers will take water service at their premises within thirty (30) days after the date that water is turned into the main. If the estimated cost of the proposed extension and hydrants required in order to furnish fire service exceeds three (3) times the Company's estimate of immediate annual revenue, such extensions will be made under the following conditions: the Company may require a deposit in the amount by which the cost of the extension, including the cost of hydrants which might be connected thereto, exceeds three (3) times the annual revenue estimated to be received from the hydrant and prospective Customers and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end with a period of ten (10) years from the making of such extension, refund an amount equal to three (3) times the estimated revenue of the new Customer, but at no time shall the aggregate refund made exceed the original deposit.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 10
First Revised Sheet No. 29

12. SERVICE CLASSIFICATIONS AND TARIFFS/RATES/FEES

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered service.

Meter Rates
The following shall be the rates for consumption, in addition to the service charges provided for herein;

	Customer Category	Rate Per 1,000 Gallons All consumption	Rate Per 100 Gallons All Consumption	Rate Per Gallon All Consumption
(I)	Residential	$7.8656	$0.78656	$0.0078656
(I)	Commercial	8.0066	0.80066	0.0080066
(I)	Industrial	7.0849	0.70849	0.0070849
(I)	Municipal & Other Public Authority	8.0347	0.80347	0.0080347
(I)	Sales for Resale	8.3091	0.83091	0.0083091

Service Charges
All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

	Size of Meter	All Classes Service Charge Per Month
(I)	5/8”	$ 19.89
(I)	3 /4	29.75
(I)	1”	49.45
(I)	1-1 /2”	98.95
(I)	2”	158.40
(I)	3”	296.85
(I)	4”	494.85
(I)	6”	989.40
(I)	8”	1,583.05

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 30

RESERVED FOR FUTURE USE

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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KENTUCKY AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 30.1

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 2.1 (N) (N)

Applicability (N) (N)

Applicable to all customers previously served by Livingston Municipal Water Works.

Meter Rates (N) (N)

The following shall be the rates for consumption:

Inside City Limits		(N)
First 2,000 gallons	$29.74 minimum bill	(N)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(N)
Outside City Limits		(N)
First 2,000 gallons	$31.42 minimum bill	(N)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(N)

NOTE: The Commission approved the acquisition of Livingston Municipal Water Works in Case No. 2026-00066. The tariff sheet with the Livingston rates is under review by the Commission, in TFS2026-00193.

Sheet No. 30.1 has been included for completeness to demonstrate the proposed change to this Service Classification in this rate proceeding.

ISSUED: **May 4, 2026** **Approved:**
EFFECTIVE: **April 15, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 31

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 3

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates

	Size of Service	Rate Per Month	Rate Per Annum
(I)	2" Diameter	$ 14.00	$ 168.00
(I)	4" Diameter	56.00	672.00
(I)	6" Diameter	125.55	1,506.60
(I)	8" Diameter	223.00	2,676.00
(I)	10" Diameter	348.25	4,179.00
(I)	12" Diameter	521.25	6,255.00
(I)	14" Diameter	502.00	6,024.00
(I)	16" Diameter	891.50	10,698.00

Special Provisions
No charge shall be made for water used in extinguishing accidental fires or for Underwriters' tests, and water shall not be drawn from a private fire service connection for any other purpose.

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed in Service Classification No. 1 shall also be charged.

The charges under this provision are in addition to any general water service charges.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 32

TAPPING FEES

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service

Available for residential, commercial, industrial, other public authority and sales for resale customers.

Tapping (Connection) Fees

Size of Meter Connected

5/8-Inch	$1,223.00
1-Inch	2,174.00
2-Inch	4,002.00
Service larger than 2”	Actual Cost

For services greater than 2”, a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 33

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 4

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates for Public Fire Service

		Rate Per Month	Rate per Annum
(I)	For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Governmental Agencies or Institutions.	$75.00	$900.00

Rates for Private Service

(I)	For each private fire hydrant contracted for by Industries or Private Institutions.	$120.00	$1,440.00

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition, to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed In Service Classification No. 1 shall also be charged.
The charges under this provision are in addition to any general water service charges.

Special Provisions
A few hydrants are connected to mains by a "special connection." A "special connection" exists when a customer and the Company entered into a service contract in which the customer agreed to maintain an unmetered water line from a Company main to the customer's service line. If the Company has reason to believe water from a special connection is being used for purposes other than fire protection, including that the connection or line is leaking, the Company may install a meter and charge for usage under this tariff. The Company may require the customer to pay for the meter and its installation if:

(1) the Company gives the customer written notice of the usage problem, requests that the customer correct the problem, and informs the customer that failure to correct the problem within 90 days could

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 34

result in liability of the customer for the cost of installing a meter to monitor usage, (2) the customer does not substantially correct the problem within 90 days of the written notice, and, (3) the Company thereafter gives three business days' notice, which shall include a cost estimate, that it will install the meter at the customer's expense.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 35

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 5

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Water Used for Construction, Street Washing, Pool Filling, and Similar Purposes.

Rates

Where a meter is installed on a fire hydrant or on a temporary service connection for construction, street washing, pool filling, and similar purposes, the minimum payment for water shall be the monthly service charge for general water service, payable in advance based upon the size of the meter installed. If more than one fire hydrant or temporary service connection is used, the service charge is to apply to each such hydrant or temporary service connection so used.

The Company may require an application to be signed and either the service charge paid in advance or, at the option of the Company, a meter deposit made, and the account handled in the same manner as any other metered account. This service charge will not entitle the Customer to any water and all water used shall be billed at the meter rate schedule. In addition to such charges the Customer shall pay all reasonable costs incurred in connection with the installation and removal of the meter.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 36

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6
BILLING OF LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES INCLUDING SCHOOL TAX

Applicable

Applicable to all customers in the Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, fee or other similar fee, charge or tax now or hereafter imposed upon the Company by local taxing authorities or the Kentucky River Authority, whether imposed by ordinance, franchise, statute or otherwise, and which fee, tax or charge is based upon Kentucky River water usage or a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer. Where more than one such charge, fee or tax is imposed, the total of such charges, fees or taxes applicable to a Customer may be billed to the customer as a single amount. Charges, fees or taxes herein referred to shall in all instances be billed to customers on the basis of Company rates or usage effective at the time of billing, and on the basis of the tax rate of usage effective at the time billing is made.

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate amount of school tax in any county requiring a utility gross receipts license tax for schools under KRS 160.613.

There shall also be added to the Customer's bill, as a separate item, any fee, tax or charge imposed upon the customer by a municipality or governmental agency, the purpose of which is to allocate among those customers identified by ordinance, franchise, statute, or otherwise, the cost of fire hydrants imposed upon the municipality or governmental agency. Failure to pay this charge shall not constitute grounds for termination of service.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Second Sheet No. 37
Cancelling Original Sheet No. 37

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company supplied water from the Kentucky River.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

Kentucky-American Water Company in accordance with the tariff shown in First Sheet No. 36 shall charge a rate of $0.0286 per 100 gallons. (R)

Except for rate changes imposed by the Kentucky River Authority, which will be put in effect immediately upon notification of such change by the Kentucky River Authority, this fee will be adjusted annually beginning January, 2002 to reflect any over or under collection of Kentucky River Authority fees existing at the time of the adjustment

ISSUED: **February 27, 2026**
EFFECTIVE: **March 31, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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3/31/2026
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 37.1

CLASSIFICATION OF SERVICE
PFAS LITIGATION UNIVERSAL SURCREDIT ("PLUS")

APPLICABILITY

Applicable to the entire Service Territory of Kentucky-American Water Company.

Kentucky-American Water Company sought compensation from various manufacturers of chemicals of Aqueous Film Forming Foam. This litigation was consolidated for the limited purpose of pursuing settlements into multi-district litigation No. 2873 ("MDL") which are overseen by the United States District Court for the District of South Carolina. Kentucky-American Water Company has entered into multiple settlements in the MDL and may enter into further agreements. These settlements may provide one or more payments. The proceeds will be net of any costs to be paid out of the settlement funds incurred to administer or achieve the settlement. The purpose of this tariff is to credit Kentucky-American Water Company customers the proceeds Kentucky-American Water Company receives from these MDL settlements.

The proceeds from the MDL shall be credited to customers as a one-time credit within a reasonable time after Kentucky-American Water Company receives payment of the funds. Kentucky-American Water Company shall provide notice to the Commission of the amount of proceed included and a workpaper showing the determination of the credit as outlined below. Kentucky-American Water Company may combine proceeds resulting from the MDL settlement.

Determination of the Credit

The litigation or settlement proceed credit shall be calculated as follows:

$$\text{PLUS Credit} = \frac{\text{MDL Proceeds}}{\text{Total Water Customer Count}} \quad \text{or} \quad \text{PLUS Credit} = \frac{(MDLP)}{CC}$$

Where:

PLUS Credit	Represents the proceeds credit each customer will receive as a result of proceeds paid from MDL settlements.
MDLP	Represents the proceeds received from the one or more MDL settlements.
CC	Total active water customer counts, inclusive of all customer classes at the time of credit calculation.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved: KENTUCKY PUBLIC SERVICE COMMISSION
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 38

RECONNECTION CHARGE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers

When it is necessary to discontinue water service to any premises because of a violation of the Company's Rules a Regulations on account of nonpayments of any bill for water service, a charge of
Fifty-six Dollars ($56.00) will be made to cover the expense of turning on the water service.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 39

INSUFFICIENT FUNDS CHARGE

In those instances where a customer renders payment to the Company by check or electronic funds transfer which is not honored upon deposit by the Company, the customer will be charged ($12.00) to cover the processing costs.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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KENTUCKY
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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 40

INSPECTION OF SERVICE LINE

Applicable:
Applicable to the entire service territory of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3).

Availability of Service:
Inspection of service lines is available to all customers of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3). The customer shall leave the trench open and the service line uncovered. The service line must be determined to be free from any tee, branch connection, irregularity or defect before service will be initiated.

Rate:
The customer shall be charged $25.00 for each inspection of a service line.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 41

NEW ACCOUNT SET UP ACTIVATION FEE

Applicable
Applicable to all customers who request a new account or a change in ownership of an existing account.

Availability of Service
Available for all customers.

Rate
An activation fee of Twenty-eight ($28.00) Dollars shall be charged to set up a new account or change an existing account. The activation fee covers the cost of meter reading and record change.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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2300 Richmond Road, Lexington, KY 40502
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KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 42

LATE PAYMENT FEE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers.

Rates

Kentucky American Water Company shall charge a 5% late fee on all charges that are paid after the due date on the bill. The late payment fee is 5% calculated upon all amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing services contract, or on previously assessed late payment fees or other penalty charges. The late payment charge will only be assessed once on any bill for rendered services. Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 43

BULK SALES OF WATER THROUGH LOADING STATIONS

Availability of Service

This service is available at locations deemed appropriate by Kentucky-American Water Company.

Rate

The following rates and charges are prescribed for the customers in the area served by Kentucky-American Water Company.

(I)	Bulk Sales Rate	$0.32946 per 50 gallons
(I)		$0.55892 per 100 gallons

Terms and Conditions of Service

Service taken under this tariff must be prepaid by the customer.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
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2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 19, 2025

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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 44

SERVICE CLASSIFICATION NO. 6
SERVICE LINE LEAK ADJUSTMENT RATE

Applicable
Applicable to entire Service Territory of Kentucky-American Water Company.

Availability of Service
Available for Residential, Commercial and OPA customers.

Rates
A charge of twenty-five (25) percent of the applicable tariff will be applied to all water usage determined to be the result of a service line leak.

Terms and Conditions
A service line leak is defined as a leak in the customer service line between the meter and the premises. Service line leak adjustments will be granted to residential, commercial, and OPA customers. The customer must provide a plumber's statement or list of materials showing that the leak has been repaired. After verification of repairs by the Water Company, the bill will be adjusted by comparing the usage during the leak billing period to the average usage for the past six billing periods. A reasonable estimate will be used in cases when six prior periods of information do not exist. The excess usage will be billed at the rate specified above. During the lifetime of a water service line only two leak adjustments will be permitted. Each adjustment may cover a maximum of two billing periods. Before a third adjustment can be considered, the entire water service line from the meter box to the premises must be replaced. Plastic pipe for repair of underground water service lines must be certified to withstand a working pressure of 160 pounds per square inch or greater.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

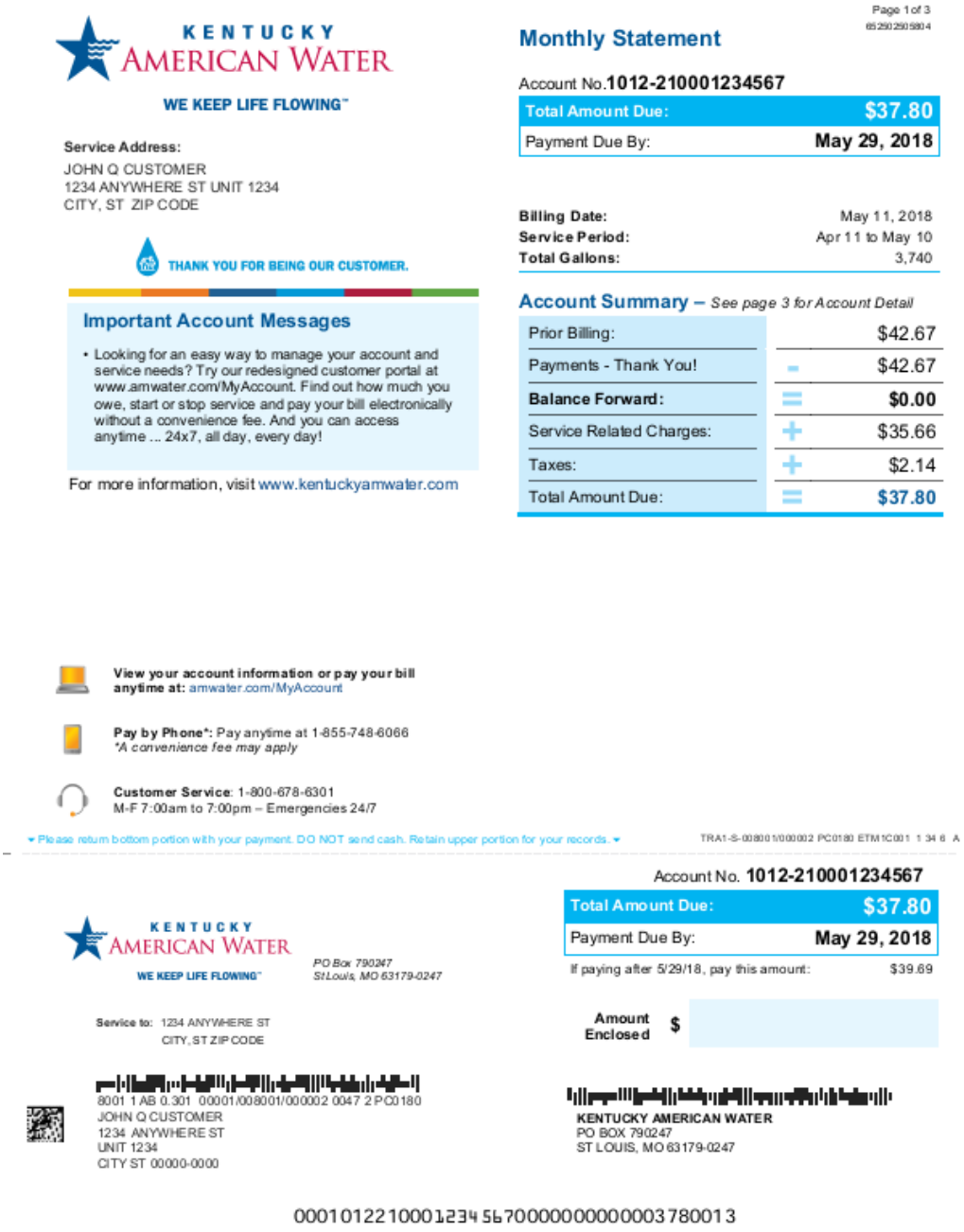
Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
Linda C. Bridwell
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 45



KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

Service Address:
JOHN Q CUSTOMER
1234 ANYWHERE ST UNIT 1234
CITY, ST ZIP CODE

THANK YOU FOR BEING OUR CUSTOMER.

Important Account Messages

- Looking for an easy way to manage your account and service needs? Try our redesigned customer portal at www.amwater.com/MyAccount. Find out how much you owe, start or stop service and pay your bill electronically without a convenience fee. And you can access anytime ... 24x7, all day, every day!

For more information, visit www.kentuckyamwater.com

Page 1 of 3
652902905804

Monthly Statement

Account No. 1012-210001234567

Total Amount Due:	$37.80
Payment Due By:	May 29, 2018

Billing Date:	May 11, 2018
Service Period:	Apr 11 to May 10
Total Gallons:	3,740

Account Summary – *See page 3 for Account Detail*

Prior Billing:		$42.67
Payments - Thank You!	-	$42.67
Balance Forward:	=	**$0.00**
Service Related Charges:	+	$35.66
Taxes:	+	$2.14
Total Amount Due:	=	**$37.80**

View your account information or pay your bill anytime at: amwater.com/MyAccount

Pay by Phone*: Pay anytime at 1-855-748-6066
*A convenience fee may apply

Customer Service: 1-800-678-6301
M-F 7:00am to 7:00pm – Emergencies 24/7

▾ Please return bottom portion with your payment. DO NOT send cash. Retain upper portion for your records. ▾

TRA1-S-008001/000002 PC0180 ETM1C001 1 34 6 A

Account No. 1012-210001234567

Total Amount Due:	$37.80
Payment Due By:	May 29, 2018
If paying after 5/29/18, pay this amount:	$39.69

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™
PO Box 790247
St Louis, MO 63179-0247

Service to: 1234 ANYWHERE ST
CITY, ST ZIP CODE

Amount Enclosed $

8001 1 AB 0.301 00001/008001/000002 0047 2 PC0180
JOHN Q CUSTOMER
1234 ANYWHERE ST
UNIT 1234
CITY ST 00000-0000

KENTUCKY AMERICAN WATER
PO BOX 790247
ST LOUIS, MO 63179-0247

00010122100012345670000000000003780013

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 46

Messages from Kentucky American Water

- ***IMPORTANT WATER QUALITY MESSAGE: 2017 Kentucky American Water annual water quality report is available. This report contains important information about your drinking water. Please go to www.amwater.com/ccr/lexington.pdf, www.amwater.com/ccr/owenton.pdf or www.amwater.com/ccr/lordhampton.pdf to view your 2017 annual water quality report or to request a paper copy call 800-678-6301.
- If you would like a copy of our tariff please visit www.kentuckyamwater.com, call 1-800-678-6301, or visit our customer lobby at 2300 Richmond Road in Lexington anytime between 8 a.m. and 4:30 p.m., Monday through Friday.
- Local Office: 2300 Richmond Road (Lexington).

CUSTOMER SERVICE
1-800-678-6301
HOURS: M-F, 7am-7pm • Emergencies: 24/7
TTY/TDD FOR THE HEARING IMPAIRED:
711 (and then reference Customer Service number listed above)

SERVICES

Go Paperless: Save time. Save money. Sign up for **Paperless Billing** and **Auto Pay** on My Account at amwater.com/myaccount. Not registered? Log in and be sure to have your account number handy.

Water Quality: We take water quality seriously. When it comes to complying with federal drinking water standards, we consistently score better than the industry average. For a copy of the annual water quality report for your area, visit kentuckyamwater.com. Under Water Quality, select Water Quality Reports.

H20 Help To Others: This program helps low-income customers who qualify with their water bills. For more information, visit kentuckyamwater.com. Under Customer Service & Billing, select Low Income Program.

EXPLANATION OF OTHER TERMS

Payment by Check: Paying by check authorizes American Water to send the information from your check electronically to your bank for payment. The transaction will appear on your bank statement. The physical check will not be presented to your financial institution or returned to you.

Estimated Bill: This occurs when we are unable to read the water meter. Your usage from the same billing period the prior year is used to calculate the estimated bill. The next actual meter reading corrects any over or under estimates.

Disputes: If you have questions or complaints about your bill, please call us at 1-800-678-6301 before the due date. If your bill is unusually high, it may indicate that there is a leak in your plumbing. For tips on how to detect leaks and use water wisely, visit us online. You'll find helpful tools under the Water Information menu. Every drop counts!

Rates: A detailed listing of charges that make up your bill is available upon request by contacting Customer Service or visiting us online at kentuckyamwater.com. Under Customer Service & Billing, select Your Water Rates.

Correspondence: Please send written correspondence to PO Box 578, Alton, IL 62002-0578. Be sure to include your name, account number, service address, mailing address and phone number including area code. Please do not send correspondence with your payment, as it may delay processing your payment and correspondence.

H2O HELP TO OTHERS PROGRAM - lend a hand to customers in need

☐ I'm adding a one time contribution of $_____ with my payment.
☐ I'd like to add a recurring contribution to each bill of $_____. I understand this amount will be added to each bill.

Address Change(s)

Name
Address
City
State Zip Code
( ) ☐ Mobile Number
Phone Number
E-mail Address

Other ways to pay your bill

Auto Pay
Save time and money. Enroll in Auto Pay, and your bill will be paid on time, every time, directly from your bank account on the due date. No stamps required!

Online
With My Account, you can pay your bill anytime, anywhere. Registration is fast and easy. Visit amwater.com/MyAccount or pay without registration at www.amwater.com/billpay (fee may apply)

In Person
We have agreements with several authorized payment locations in our service area. Visit our website to find one near you.

ISSUED: January 5, 2026 **Approved:**
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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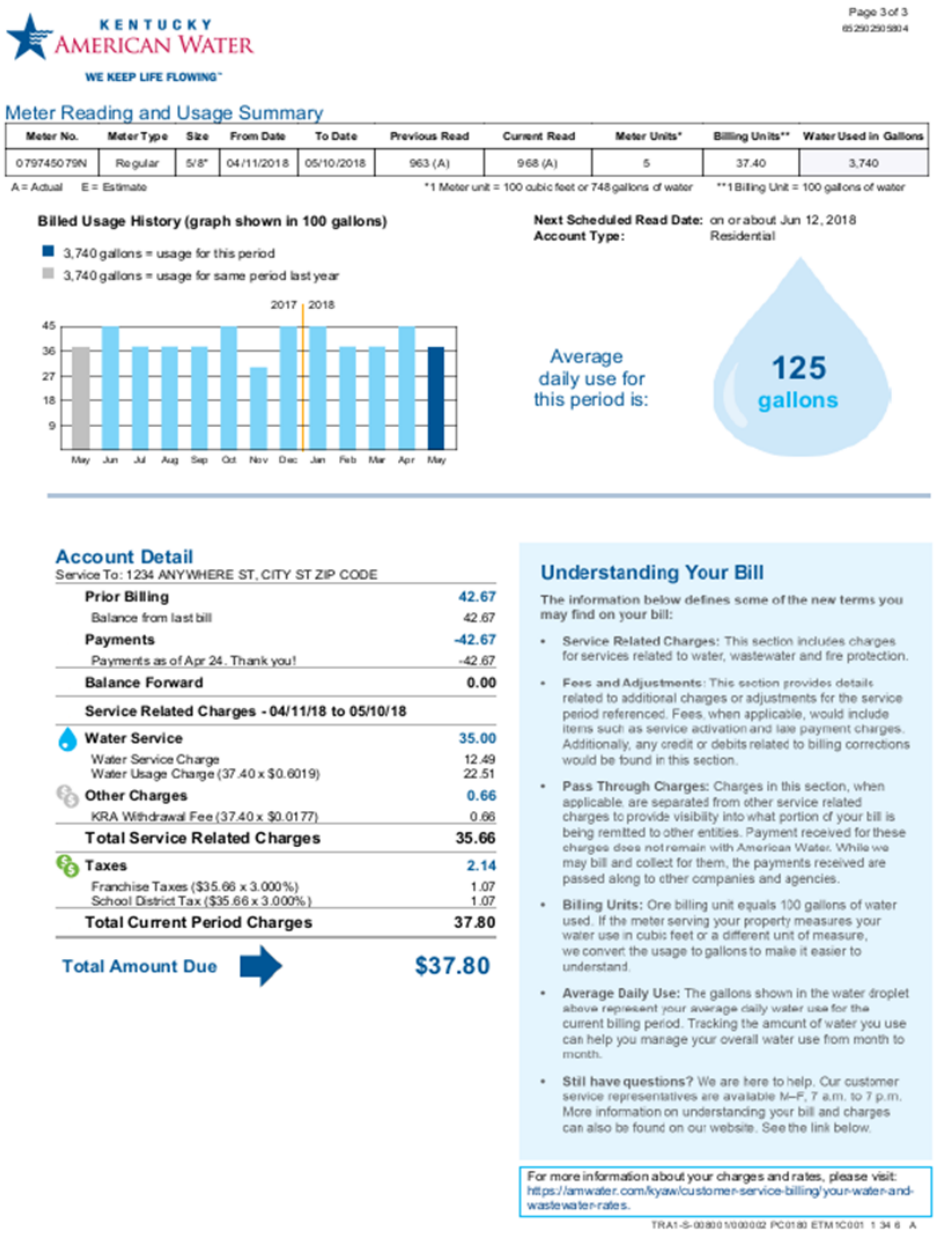
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 47



Page 3 of 3
652902505804

KENTUCKY AMERICAN WATER
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Meter Reading and Usage Summary

Meter No.	Meter Type	Size	From Date	To Date	Previous Read	Current Read	Meter Units*	Billing Units**	Water Used in Gallons
07974507 9N	Regular	5/8"	04/11/2018	05/10/2018	963 (A)	968 (A)	5	37.40	3,740

A = Actual E = Estimate
*1 Meter unit = 100 cubic feet or 748 gallons of water **1 Billing Unit = 100 gallons of water

Billed Usage History (graph shown in 100 gallons)

3,740 gallons = usage for this period
3,740 gallons = usage for same period last year

Next Scheduled Read Date: on or about Jun 12, 2018
Account Type: Residential

Average daily use for this period is: 125 gallons

Account Detail
Service To: 1234 ANYWHERE ST, CITY ST ZIP CODE

Prior Billing	**42.67**
Balance from last bill	42.67
Payments	**-42.67**
Payments as of Apr 24. Thank you!	-42.67
Balance Forward	**0.00**
Service Related Charges - 04/11/18 to 05/10/18	
Water Service	**35.00**
Water Service Charge	12.49
Water Usage Charge (37.40 x $0.6019)	22.51
Other Charges	**0.66**
KRA Withdrawal Fee (37.40 x $0.0177)	0.66
Total Service Related Charges	**35.66**
Taxes	**2.14**
Franchise Taxes ($35.66 x 3.000%)	1.07
School District Tax ($35.66 x 3.000%)	1.07
Total Current Period Charges	**37.80**
Total Amount Due	**$37.80**

Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- **Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection.
- **Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges. Additionally, any credit or debits related to billing corrections would be found in this section.
- **Pass Through Charges:** Charges in this section, when applicable, are separated from other service related charges to provide visibility into what portion of your bill is being remitted to other entities. Payment received for these charges does not remain with American Water. While we may bill and collect for them, the payments received are passed along to other companies and agencies.
- **Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- **Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- **Still have questions?** We are here to help. Our customer service representatives are available M–F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: https://amwater.com/kyaw/customer-service-billing/your-water-and-wastewater-rates.

TRA1-S-00800 1/000002 PC0180 ETM 1C001 1 34 6 A

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 48

QUALIFIED INFRASTRUCTURE PROGRAM RIDER ("QIP RIDER") (D)

APPLICABLE SERVICE AREA (D)

Applicable to the entire Service Territory of Kentucky American Water Company unless otherwise noted. (D) (D)

APPLICABILITY OF RIDER (D)

Applicable to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, Public and Private Fire Service and Hydrant customers. (D) (D)

CALCULATION OF QUALIFIED INFRASTRUCTURE PROGRAM RIDER REVENUE REQUIREMENT (D) (D)

The QIP rate base in any forecasted period will be calculated in a manner consistent with 807 KAR 5:001, Section 16(6)(c). The QIP Rider Revenue Requirement includes the following: (D) (D) (D)

a. QIP-eligible Plant In-Service not included in base water rates minus the associated QIP-related accumulated depreciation and accumulated deferred income taxes, grossed up by applying the gross revenue conversion factor authorized in the Company's latest base water rate case; (D) (D) (D) (D)
b. Retirement and removal of plant related to QIP-eligible construction; (D)
c. Return on the net QIP-eligible plant in-service at the overall rate of return on capital authorized in the Company's latest base water rate case, grossed up for federal and state income taxes; (D) (D) (D)
d. Depreciation expense on the QIP-eligible Plant In-Service less retirement and removals; (D)
e. Property taxes related to the QIP. (D)

QIP ELIGIBLE UTILITY PLANT: (D)

Distribution Infrastructure – distribution and transmission system structures and improvements, mains and valves installed as replacements for existing facilities; hydrants, distribution tanks; services, meters and meter installations, power generation and pumping equipment installed as replacements for existing facilities; (D) (D) (D)

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 31, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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EFFECTIVE
12/16/2025
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
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unreimbursed funds related to capital projects to relocate facilities required by governmental infrastructure projects. (D)
Water Treatment Infrastructure – source of supply and water treatment structures, pipe and equipment including sampling equipment, SCADA equipment, power generation and pumping equipment installed as replacements for existing facilities. (D)

RATES (D)

All customers subject to this QIP Rider receiving water service shall be assessed a monthly QIP Rider charge in addition to the service charge, consumption charge or monthly fee component of their applicable rate schedule that will enable the Company to complete the Qualified Infrastructure Program. (D)

The QIP Rider will be updated annually in a filing that includes the (1) projected costs for each QIP period and (2) a balancing adjustment that trues up the projected program costs and revenues with the actuals for the preceding annual QIP period. The annual filing will be submitted at least 120 days prior to the commencement of the QIP period, which will commence on September 1 each year and run through August 31 of the subsequent year. (D)

The monthly QIP Rider charges for all respective water service classifications will be calculated as a percentage and applied to all water charges including meter fees, volumetric water sales, fire service fees, and public and private hydrant fees from the Company's most recent base rate case, but excluding any other surcharge or add-on taxes. The percentage is calculated by dividing the QIP revenue requirement by the water revenues authorized in the Company's most recent rate case and multiplying the resulting QIP period by the number of days the QIP percentage will be in effect, divided by 365 days (366 days in a leap year). It will be listed as a separate line item on the customer bill. The QIP percentage shall be calculated on an annual prospective basis. The QIP Rider charge effective on and after the effective date is: (D)

11.09% (D)

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 31, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-1

APPENDIX

Form of New Subdivision Extension Deposit Agreement for Off Site Facilities:

THIS AGREEMENT, entered into this _day of _____, _____by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY", and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ Commission has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit "B" for identification, and

WHEREAS, SUBDIVIDER desires the extension of the off site water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit "B" for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
Linda C. Bridwell
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-2

installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties

and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said off site main(s) and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within the whole of said subdivision, as shown on the plat attached hereto as Exhibit "B", being a total of _____building plots, will not be decreased in the final plats of said subdivision as the same are hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum of _____, for each premises served within said subdivision (as said subdivision is depicted on the plat attached hereto and marked Exhibit "B" for identification) for which a street service connection shall be directly attached to the mains constructed on the site of such subdivision between their original beginning and original termini (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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12/16/2025
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-3

ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the _____ County Court five (5) copies of the final plat of said subdivision or units thereof as approved by the _____ Commission.

SEVENTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

EIGHTH: This Agreement shall be valid and binding on COMPANY only when executed by its President.

NINTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

ELEVENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-4

WITNESS:

KENTUCKY AMERICAN WATER

_____ By: _____
(Director of Engineering)

_____

(Date)

DEPOSITOR(S):

_____

_____

_____

Phone #: _____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-5

_____

(Title/Position)

Form of New Subdivision Extension Deposit Agreement for On Site Facilities:

THIS AGREEMENT, entered into this _____ day of _, 20___, by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY" and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit 'A' for identification, and

WHEREAS, SUBDIVIDER desires the extension of the water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

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Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-6

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit 'A' for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other cause beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY, that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said on-site mains and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within said subdivision, as shown on the plat attached hereto as Exhibit "A", being a total of _____ building plots which, according to Section A(2) of Rule 10.3 of COMPANY's Rules and Regulations, is equal to _____ lots, will not be decreased in the final plat of said subdivision as the same is hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER, during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum _____, for each premises served within said subdivision (as said subdivision is depicted on Exhibit "A" attached hereto) for which a street service connection shall be directly attached to the main extension herein provided between its original beginning and original terminus (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
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EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-7

building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: As a material consideration for COMPANY'S agreement to design and construct all or some portion of the main(s) and related facilities, if any, described on Exhibit "A" and in Paragraph FIRST hereof on the basis of a preliminary plat of said subdivision, without withholding or delaying such action until a final plat thereof has been approved by the Planning and Zoning Commission and recorded in the office of the Clerk of the Fayette County Court, SUBDIVIDER represents to COMPANY and covenants with COMPANY that the location and grade of streets, sidewalks, curbs, building plots, building lines and utility easements as depicted on the preliminary plat attached hereto as Exhibit "A" will not be altered or changed in any respect in the final plat of said subdivision, as finally approved by the Lexington-Fayette County Planning and Zoning Commission and as recorded in the office of the Clerk of the Fayette County Court. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision as approved by said Commission or as recorded in the office of said Clerk, whether such changes are made with or without the consent of SUBDIVIDER, or in the event a final plat is not approved or recorded, and in event such alteration, amendment, change, failure of approval or of recording requires, in the sole judgment of COMPANY, the relocation, removal, replacement, reconstruction, change in size or addition to the main(s) and related facilities to be constructed by COMPANY pursuant to the Agreement, SUBDIVIDER will immediately, upon demand from COMPANY, pay to COMPANY the actual cost to COMPANY of making such relocations, removals, replacements, changes in sizes and additions to such main(s) and related facilities, if any, so required in the sole judgment of COMPANY, as a result of such changes in location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements. No part of the sums payable to COMPANY by SUBDIVIDER under the terms and provisions of this Paragraph SIXTH shall be subject to refund to SUBDIVIDER. In event SUBDIVIDER fails to pay to COMPANY such sums as may be demanded by COMPANY under provisions of this Paragraph SIXTH within ten (10) days from such demand, COMPANY shall have the right, in addition to and not in limitation of all other remedies, which right shall be superior to the rights of any intervening assignee or creditor of SUBDIVIDER, to apply refunds coming due under Paragraph FOURTH of the Agreement to the reduction and extinguishment of the debt of SUBDIVIDER to COMPANY under terms of this Paragraph SIXTH.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
Linda C. Bridwell
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-8

SEVENTH: By execution of this Agreement, SUBDIVIDER grants unto COMPANY, its successors and assigns, the permanent right and privilege to lay and construct its main(s) and related facilities, if any, on, over and through the lands of SUBDIVIDER at the locations depicted on Exhibit "A" and described in Paragraph FIRST above, together with the right to enter upon the adjacent lands of SUBDIVIDER for the purpose of installing,

construction, repairing, renewing, replacing and inspecting such main(s) and related facilities, if any.

EIGHTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the Clerk of _____ five (5) copies of the final plat of said subdivision as approved by the _____.

NINTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

TENTH: This Agreement shall be valid and binding on COMPANY only when executed by its Director of Engineering.

ELEVENTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TWELFTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

THIRTEENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

WITNESS: *KENTUCKY AMERICAN WATER*

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-9

_____ By: _____
(Director of Engineering)

_____
(Date)

SUBDIVIDER:

_____
_____
_____

Phone #:_____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

_____
(Title/Position)

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
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12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-10

APPLICATION FOR SPECIAL CONNECTION

Account No.	
Contract No.	
WBS Element No.	

This Application, made in duplicate this _____day of _, 20 _____ _____, by _____,
hereinafter called the "APPLICANT", to KENTUCKY AMERICAN WATER, a Kentucky corporation located at 2300 Richmond Road, Lexington, Kentucky, 40502, hereinafter called the 'WATER COMPANY."

The APPLICANT, upon the terms and conditions hereinafter set forth, hereby applies to the WATER COMPANY for a private service, consisting of the right to connect a service pipe to a _____ public water main on in Lexington and attach to said service pipe the following fixtures and openings:

One (1) _____-inch fire service to _____ supply ; one _____-inch service line, post indicator and valve with all related fittings to supply a sprinkler system of approximately _____ sprinkler heads, covering approximately _____ square feet of _____ space;

all of which fixtures and openings to be located within or upon the premise of the APPLICANT abutting the street on which the said main of the WATER COMPANY is located.

In consideration for which privilege the APPLICANT agrees to be bound by all the terms and conditions of this Application and pay the WATER COMPANY for private fire protection service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this Application may be accepted by the WATER COMPANY are as follows:

FIRST: That this Application and the acceptance thereof by the WATER COMPANY may be subject to the prior approval of the fire department having jurisdiction of the premises to be served.

SECOND: That the entire service system on APPLICANT's premises shall be subject to the inspection, test and approval of the WATER COMPANY, and the WATER COMPANY by its representatives, shall have the right to enter the premises of the APPLICANT at any reasonable time for the purpose of making such reasonable inspections as it may deem necessary, and to insure compliance with the terms and conditions of this Application.

THIRD: That all pipes and appurtenances shall be constructed and maintained in good condition by and at the expense of the APPLICANT.

FOURTH: That a fire line meter or detector device, approved by both the WATER COMPANY and the fire underwriters, will be required on the service at a location approved by the WATER COMPANY. Such meter or device shall be installed and maintained by and at the cost and expense of the APPLICANT, but subject to the inspection and approval of the WATER COMPANY. The bypass meter only, used with the detector device, shall be furnished, installed and maintained by the WATER COMPANY at its cost and expense.

FIFTH: That a gate valve with the post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the WATER COMPANY, and shall be furnished, installed and maintained by and at the expense of the APPLICANT, and unless otherwise approved by the WATER COMPANY, said valve shall be installed in a valve pit or vault which shall also be furnished, installed and maintained by and at the expense of the APPLICANT.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
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12/16/2025
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-11

SIXTH: That all hydrants and other fixtures connected to any private fire protection service system shall be kept closed and sealed, and not opened or used except during times of fire or testing. Upon extinguishment of each fire or following each test, the APPLICANT shall immediately close such fixtures and notify the WATER COMPANY so that they may be sealed. Whenever a private fire protection service system is to be tested, the APPLICANT shall notify the WATER COMPANY at least two business days in advance of such proposed test, requesting approval of the method, day and hour on which it is to be made.

SEVENTH: That no antifreeze or any other substance not specifically approved by the Environmental Protection Agency as non-detrimental to the public water supply, shall be introduced into sprinkling systems or into any pipe, fixture, appurtenance or other portion of the APPLICANT's private fire protection service system.

EIGHTH: That the APPLICANT understands and agrees that the extent of the rights of the APPLICANT under this Application is to receive, at times of fire on said premises, such supply of water as shall then be available and no other or greater quantity. The APPLICANT further acknowledges and agrees the WATER COMPANY shall not be considered in any way or manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise, and the WATER COMPANY shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

NINTH: That this Application does not contemplate uses of fixtures other than those shown on Exhibit A. Any waste of water or use of water through this connection for purposes other than testing or the extinguishment of fire, shall be deemed a violation of the terms and conditions of this Application and of the rules, regulations and conditions of service of the WATER COMPANY.

TENTH: That if private fire hydrants are included as part of this Application, they shall be painted any color other than that adopted by the WATER COMPANY for public fire hydrants.

ELEVENTH: That the APPLICANT shall furnish, attach and make a part hereof marked Exhibit A, three (3) complete sets of drawings showing the pipes, pumps, valves, hydrants, sprinkler systems, hose outlets and connections, standpipes, tanks and other openings and appurtenances contemplated in this Application. Such drawings, which shall be stamped "Approved" by the Insurance Services Office or other comparable agency approved by the WATER COMPANY, must also show all other water supply systems and pipelines and appurtenances which are proposed or which may exist on the premises to be served.

TWELFTH: That no pipe, fixture or appurtenance connected with the private fire protection service served by this Application shall be connected with any pipe, fixture or appurtenance supplied with water from any other source, unless specifically approved in writing by the WATER COMPANY.

THIRTEENTH: That the APPLICANT agrees to obtain in writing in advance the approval of the WATER COMPANY for any change, alteration, addition or deletion contemplated in the pipes, fixtures, openings and appurtenances and uses herein specified. Notwithstanding the approval of the WATER COMPANY, APPLICANT agrees that, except for those facilities which the WATER COMPANY had specifically agreed to provide and maintain, APPLICANT is and will be solely responsible for the design, adequacy, function and maintenance of its private fire protection service system referred to in this Application.

FOURTEENTH: That the WATER COMPANY has the right to discontinue or disconnect the service pipe herein applied for, and to terminate service under this Application, after due written notice to the APPLICANT, for failure to pay any bill when due, for failure to supply information to WATER COMPANY about the service system when so requested in writing, for leakage within APPLICANT's system, for violation of any of the terms and conditions of this Application, or for any violation of its rules, regulations and conditions of service; and the WATER COMPANY also has the right to shut off all or any part of its facilities by the WATER COMPANY(1) if a condition dangerous or hazardous to life, physical safety or property exists, (2) upon order by any court, the Public Service Commission or other duly authorized public authority, (3) if fraudulent or unauthorized use of water by APPLICANT is detected, or if the WATER COMPANY's regulating or measuring equipment has been tampered with by the APPLICANT.

FIFTEENTH: That upon acceptance of this Application by the WATER COMPANY and the completion of the installation of the service applied for, this Application shall be in full force and effect as a contract and shall continue as such until cancelled by written notice given thirty (30) days in advance by the APPLICANT to the WATER COMPANY, except as otherwise provided in numbered paragraph (14) above.

SIXTEENTH: The acceptance of this Application by the WATER COMPANY must be executed by its Director of Engineering before same

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
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EFFECTIVE
12/16/2025
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. A-12

becomes effective.

SEVENTEENTH: If ownership of the property served by the service applied for herein changes, notice thereof shall be given to the WATER COMPANY within thirty (30) days and the new owner shall be identified by name, address and proper person to contact.

EIGHTEENTH: That the APPLICANT or his agent is responsible for payment of the deposit for the estimated cost of construction to WATER COMPANY. To the extent there is any refund to be made at the end of the project after all costs are accrued, such refund will be paid to the APPLICANT by check made payable to the APPLICANT. To the extent that any amount is owed to WATER COMPANY at the end of the project after all costs are accrued, payment of such amounts is the responsibility of the APPLICANT. To the extent the APPLICANT owes any of the refunded amount to the contractors, APPLICANT agrees it is responsible for these amounts owed and that WATER COMPANY has no responsibility in that regard.

IN WITNESS WHEREOF, the APPLICANT has hereunto signed the day and year:

_____ _____
Witness Signature *Signature and Title of APPLICANT or Duly Authorized Representative*

APPROVED this _____ day of _____, 20 _____.

_____
Witness Signature *Chief of Fire Department*

County/City of _____

WATER COMPANY hereby accepts the foregoing Application this _____ day of _____, 20_____.

_____ _____ _____
Witness Signature *Director of Engineering* *Date*

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 2

Description of Filing Requirement:

Proposed tariffs - Kentucky American Water

Response:

Please see attached copy of Proposed Tariffs.

For electronic version, see KAW_APP02_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet Nos. 1-50
Cancelling P.S.C KY NO. 11

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

http://www.amwater.com/kyaw

RATES – CHARGES – RULES – REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

BOURBON, CLARK, FAYETTE, FRANKLIN, GALLATIN, GRANT, HARRISON, JACKSON, JESSAMINE, NICHOLAS, OWEN, SCOTT, WOODFORD, AND ROCKCASTLE COUNTIES IN KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 1

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ISSUED: **May 15, 2026** **Approved:**
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ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
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EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 3

1. DEFINITIONS APPLICABLE TO RULES & REGULATIONS

1.1 "Commission" means the Kentucky Public Service Commission.

1.2 "Company" shall mean the Kentucky-American Water Company acting through its officers, managers, or other duly authorized employees or agents.

1.3 "Customer" shall mean any person, firm, corporation, entity or municipality supplied with water service by Kentucky-American Water Company pursuant to these Rules and Regulations.

1.4 "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing developed premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.

1.5 "Residential" – Sales to single premise residences, or to multiple premises residences where each premises is served through a single Meter. Sprinkler services added to existing premises coded as residential would also be coded as residential. For premises served through a single Meter with multiple owners, where usage is primary for residential purposes, and the water is billed to a homeowner association such as a condominium complex they will be classified as residential and charged the residential rate.

1.6 "Commercial" – Sales to multiple premises residences served through a single Meter or battery of Meters. This would include two (or more) family houses and apartment houses. Sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations. Sales to business or manufacturing establishments where the water is not used principally in manufacturing or processing functions. This would include commercial offices of public utilities. Examples under this category are: stores, laundries, cleaners, shoe repair and other service establishments, garages and service stations, office buildings, sales offices or manufacturing or processing establishments, retail florists, theaters, bowling alleys, swim clubs, golf courses, manufacturing or processing establishment where water is used principally for sanitary purposes, barber shops. Water used for irrigation for agricultural purposes would normally be coded as commercial. Sprinkler services added to existing premises coded as commercial or industrial would also be coded as commercial.

1.7 "Industrial" – Sales to manufacturing of processing establishments where the water is used principally in manufacturing or processing function. This would include public or private utility plants using water for steam generation, power production, etc.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 4

1.8 Other Public Authority or "OPA" – Sales to municipal, county, state or federal agencies (other than the sales of water for resale). Examples under this category are: city buildings, public schools, public housing developments, libraries and hospitals, fire stations, county, state and federal buildings and agencies.

1.9 Sales for Resale or "Resale" – Sales to private or public water utilities where the water is to be resold to customers of the utilities.

1.10 "Meter" means a device which measures and records the quantity of water supplied to a Customer.

1.11 "Company Service Line" means that portion of the water service line and appurtenances from the main to the Customer Service Line that is paid for and/or owned by the Company.

1.12 "Customer Service Line" means that portion of the water service line and appurtenances from the Customer's Premises to the Company Service Line, which is paid for and/or owned by the Customer. When the Meter is outside the Premises, the Customer Service Line is from the Meter pit to the Premises. When the Meter is inside the Premises, the Customer Service Line is from the stop box to the Premises.

1.13 "Premises" as contemplated in these Rules, shall mean and include:

1.13.1 A building under one roof and occupied as one business or residence; or

1.13.2 A combination of buildings owned or leased by one party in one common enclosure or a single tract of land not crossed by public streets, roads, or ways, and occupied by one family or business; or

1.13.3 a building owned or leased by one party, having two or more apartments, offices, or suites of offices, and using one or more halls and entrances in common; or

1.13.4 a double house having a solid vertical partition wall or a building erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, and where separate water supply plumbing would not be practicable; or

1.13.5 each residential or business single occupancy unit, served through one street service connection in a building which is not a premise otherwise defined in these Rules.

1.13.6 any other location at which the Company provides metered service to a Customer in

accordance with these Rules regardless of whether there is a structure or building at that exact location.

1.14 “Fire Service Connection” is one to which is attached fixtures from which water is taken only for the extinguishment of fire.

1.15 "Public Fire Hydrant" - All public fire hydrants contracted for or ordered by Urban County, Municipality, County, State or Federal Agencies or Institutions. These must be located on or immediately adjacent to public right-of-way.

1.16 "Private Fire Hydrant" – All hydrants contracted for or by private entities on private property for the use of that entity or on private right-of-way. Also for public agencies for hydrants not located on public right-of-way.

1.17 “New Private Fire Hydrant Service” is available to areas before such time as a unit of government shall agree to pay public fire protection charges thereon in accordance with Rule 11 herein.

1.18 "Private Fire Service" – All private and public fire protection service lines with hose connections or sprinkler systems charged by line size.

1.19 “Temporary Service Connection” is one which is installed for the temporary use of water, including service to individual mobile homes. Provided: They are located on lots having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company extending for at least one-half of the frontage of the lot on said street or highway.

1.20 “Rate” means the Company’s Schedules of Rates and Tariffs then in effect.

1.21 “Rules” or “Rule” means these Company Rules and Regulations applicable to water service.

2. SERVICE & APPLICATIONS

2.1 Rules and Regulations Governing Rendering of Service

(a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of water service and every Customer will be bound thereby. The Rules and Regulations and Service Classifications contained in this tariff apply in the service territory of Kentucky-American

Water Company.

(b) Except fire and some special connection services, all service will be rendered on a Meter basis. Residential, commercial, industrial and OPA service are only regularly available for single Premises as "Premises" is defined in these Rules.

2.2 Requests for Water Service

(a) All persons, entities, firms, corporations or OPA's desiring water service, must request service from the Company in a manner prescribed by the Company, setting forth all purposes for which water will be used at the Premises for which service is requested. All information provided by the Customer must be true, accurate and kept up to date.

(b) Any change in the identity of the Customer at a Premises will require a new request for water service and the Company may, after reasonable notice, discontinue the water supply until such new request has been made and accepted.

(c) A Customer who has requested service and been accepted by the Company, shall be held liable for all water service furnished to the Premises until such time as the Customer properly notifies the Company to discontinue the service for his/her account at the Premises.

(d) An activation fee will be charged in accordance with the Company's Tariff.

(e) No Customer receiving water service from the Company will be permitted to use water for any other purpose than that for which they shall have requested and the Company shall have approved.

(f) The Company may refuse service to a Customer with an outstanding, unpaid balance due until the Customer pays the balance due.

2.3 Special Arrangements for Water Service

(a) Water for building or construction purposes must be specially applied for.

(b) Connections for private fire service and private fire hydrant service must be specially applied for.

(c) Water for transient or temporary purposes must be specially applied for.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 7

3. BILLING, ABATEMENTS & REFUNDS

3.1 Abatements and Refunds

Abatement shall be made for leaks in service pipes or fixtures belonging to the Customer in accordance to Tariff.

3.2 Meter Bill Adjustment

(a) Whenever a Meter in service is found upon periodic request or complaint test to be more than two percent (2%) fast, additional tests shall be made at once to determine the average error of the Meter. Said tests shall be made in accordance with the Commission's regulation applicable to the type of Meter involved. Meter testing shall be conducted in accordance with the then-applicable Rules.

(b) Determination of Meter Error for Bill Adjustment Purposes. When upon periodic request or complaint test, a Meter is found to be in error in excess of the limits allowed by the Commission's regulations, three additional tests shall be made; one at 75% of rated maximum capacity; one at 50% of rated maximum capacity; one at 25% of rated maximum capacity. The average Meter error shall be the algebraic average of the errors of the three tests.

(c) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) fast, then the Customer's bill, for the period during which the Meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for comparison purposes in calculating the time period. (See exception in Section (f) of this Rule).

(d) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) slow, then the Customer's bill for the period during which the Meter error is known to have existed, may be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for

comparison purposes in calculating the time period. The Company will limit the period of recovery for under-billing to only the most recent twelve (12) months of under-billing, even if the under-billing occurred for a longer period.

(e) It shall be understood that when a Meter is found to have an error in excess of two percent (2%) fast or slow the figure for calculating the amount of refund or the amount to be collected by the Company shall be that percentage of error as determined by the test; i.e., it is the duty of the Company to maintain the accuracy of its measuring device as nearly one hundred percent (100%) as is commercially practicable. Therefore, percent error shall be that difference between one hundred percent (100%) and that amount of error as indicated by the test.

(f) The burden of maintaining measuring equipment so that it will register accurately is upon the Company; therefore, if Meters are found upon test to register fast and if time for periodic test has overrun to the extent that one-half (1/2) of the time elapsed since the last previous test exceeds twelve (12) months, the refund shall be as specified in Section C of this Rule and in addition thereto, a like refund for those months exceeding the periodic test period; provided, however, that the Commission may relieve the utility from this requirement in any particular case in which it is shown that the failure to make the periodic test was due to causes beyond the utility's control.

3.3 Terms and Conditions of Billing and Payment

(a) All fire service charges shall be payable monthly in arrears.

(b) Bills for water service by Meter will be rendered monthly with ending dates as may be determined by the Company.

(c) Bills for private fire hydrants shall be payable monthly in advance, except that the charges for private fire hydrant service shall be payable as set forth in Rule 11.

(d) Special charges shall be payable upon demand.

(e) All bills for water and service are due and payable when rendered and are considered delinquent if not paid in accordance with Tariff and Commission regulations. Failure to pay will render the Customer subject to disconnection and subject to payment of reconnection in Tariff. If any bill for water service is not paid in accordance with Tariff, the service may be discontinued in accordance with Rule 4, Disconnecting & Reconnecting Service.

(f) Customers are responsible for furnishing the Company with their correct billing

addresses (email or postal address). Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent.

(g) All bills will be sent to the billing address (email or postal address) provided when requesting water service unless the Company is notified in writing by the Customer of any change of billing address.

(h) The Company will not be bound by bills rendered under mistake of fact as to the quantity of service rendered.

(i) The use of water by the same Customer in different Premises or localities will not be combined.

(j) If for any reason service is discontinued before the expiration of twenty-five (25) days from commencement of service, a bill for a prorated portion of the minimum service charge for the month will be rendered.

(k) Residential Customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers shall pay a fixed monthly amount determined by the Company based on historical or estimated usage. A Customer may enroll in such a plan at any time by contacting the Company. The Company will issue bills so as to bring each customer's account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a Customer fails to pay bills as required under the plan, the Company reserves the right to remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

4. DISCONNECTING AND RECONNECTING SERVICE

4.1 Discontinuance of Water Service

(a) Water service will be discontinued to any Premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, and upon payment of all charges due as provided for in the Rates and Rules of the Company.

(b) The Company shall discontinue the Customer's service for violation of any Rule or for non-payment of bills upon providing the Customer with at least ten (10) days written notice

delivered by mail or personally delivered to him/her or a member of his/her household, advising the Customer of what Rule had been violated and for which service will be discontinued if violation continues. However, discontinuance of service shall be effected no less than twenty (20) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the Company a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises. In that case, discontinuance may not be effected for thirty (30) days beyond the termination date as calculated above. Where fraudulent use of water is detected, or where the Company's regulating or measuring equipment has been tampered with, or where a dangerous condition is found to exist on the Customer's Premises, service may be shut off without advance notice. Subject to the foregoing provisions, service rendered under any application, contract or agreement may be discontinued by the Company for any of the following reasons:

i. For willful or indifferent waste of water due to any cause which adversely affects either water service to other Customers or the Company's utility operation.

ii. For failure to protect from injury or damage the Meter and connections, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer, in a condition satisfactory to the Company.

iii. For interfering or tampering by the Customer, or others with the knowledge of the Customer, with any Meter, connection, service pipe, curb stop, seal or any other appliance of the Company controlling or regulating the Customer's water supply.

iv. For failure to provide the Company's employees free and reasonable access to the Premises or for obstructing the way of ingress to the Meter or other appliance of the Company controlling or regulating the Customer's water supply (with at least fifteen (15) days advance written notice).

v. For non-payment of any account for water supplied, for water service, or for Meter or service maintenance, or for any other fee or charge at the Premise accruing under these Rates and Rules. Discontinuation of service for non-payment on an account shall only be made at the Premise associated with that Account and will not occur for other accounts held by the same Customer that are current in payments unless the Customer has requested multiple accounts or premises be combined for billing purposes.

vi. In case of vacancy of the premises.

vii. For violation of any other Rule or Regulation of the Company or State and Municipal Rules and Regulations applying to the Company's water service.

(c) In cases where plumbing has been installed prior to adoption of and not in accordance with these Rules, and where water is being taken through a single service pipe to supply two or more Premises, the party making application shall be responsible for all water bills and other legitimate charges. Any violation of the Company Rules with reference to either or any of the said Premises or for the supply of water thereto, shall be deemed a violation as to all, and the Company may enforce compliance with these Rules by shutting off the entire service except that such action will not be taken until the innocent Customer who is not in violation of the Company's Rules, has been given a reasonable notice and opportunity to attach his pipes to a separately controlled curb stop, to be provided by and at the expense of the Company.

(d) Discontinuing the supply of water to a Premises for any such reason shall not prevent the

Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.

4.2 Renewal of Water Service After Discontinuance

(a) When water service to a Premises has been terminated for any reason other than temporary vacancy, it will be renewed only after the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon payment of all charges due and payable by the Customer in accordance with the Rates and Rules.

(b) No Customer whose service has been turned off shall turn on same, or have same done by anyone other than the Company.

4.3 Reconnection Charge

When it has been necessary to discontinue water service to any Premises because of a violation of the Rules or on account of non-payment of any bill, a charge will be made to cover the expense as set forth in the Company's Schedule of Rates and Charges. This charge, together with any arrears that may be due the Company for charges against the Customer, must be paid before the water will be reconnected.

5. COMPLAINTS

5.1 Customer Complaints

Any complaint against the service or employees of the Company may be made at the office of the Company or by telephone, mail or email. The Company will handle all Complaints in accordance with regulatory requirements.

6. METERS, TESTING AND ACCURACY

6.1 Meters

(a) Water will be sold by Meter measurement only.

(b) All Meters, except private detector devices and/or private service line Meters, will be installed, maintained and replaced by, and at the expense of the Company, but in case of damage to such Meters by reason of any act, neglect or omission on the part of the Customer (such as damages occasioned by accident or misuse or purposeful actions) the Customer shall pay to the Company the cost of its repair on presentation of bill therefore.

(c) The Company reserves the right to determine the kind and size of Meter that shall be placed on any service pipe, and such Meters will be furnished, installed and removed by the Company alone, and shall remain its property.

(d) Each Premise shall be supplied through an independent Meter setting.

(e) If more than one Meter setting is installed upon a Customer's Premise, the usage of all Meters on a Premise may be combined for billing purposes if so requested by the Customer. Combined billing will be continued as long as the Premises criteria is met.

(f) All Meters are accurately tested before installation and are also periodically tested in accordance with the Public Service Commission's regulations. The Company may at any time remove any Meter for periodic tests or for repairs or replacement and may, at its option and expense, test any Meter when the Company has reason to believe that it is registering inaccurately.

(g) The Company shall make any test of any Meter upon written request of the Customer if the request is not made more frequently than once each twelve (12) months. The Customer shall be given the opportunity to be present at the requested test. The Customer may be billed the actual cost of making the test, but should the said Meter be found, upon said test, to be more than two percent incorrect to the prejudice of the Customer, the fee so charged shall be returned to the Customer.

(h) The Company reserves the right to put seals on any water Meter, or on couplings in and for any premises, and may shut off the supply if such seals are found broken or removed.

(i) Once any Meter has been placed, any change in location requested by the Customer will be done by the Company, at the expense of the Customer, if the location is acceptable pursuant to 6.1(k).

(j) Monitoring of Customer usage shall be in compliance with the then-applicable Rules and Regulations. The Company monitors Customer usage on a monthly basis through its collection of usage information. Upon the collection of that information, the Company compares usage for a particular month with a Customer's historical usage. To the extent the current month's usage shows an unusual deviation from historical usage, the Company will notify the Customer and take steps to determine the reason for the unusual deviation.

(k) Meters may be located either in an outdoor Meter box or vault, at the option of the Company. The location of the Meter must be acceptable to the Company and allow for the Meter to be easily examined, tested, repaired, read, removed or replaced. The Meter box or vault shall be located in a convenient and readily accessible location acceptable to the Company. The Meter box or vault must be constructed to protect the Meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water. After a Meter is installed by the Company, a Customer shall not tamper with, alter, repair or remove the Meter or allow anyone other than the Company to do so. Any plumbing, piping, grading or structural modification which could result in the relocation of the Meter or impact accessibility must first be approved by the Company.

6.2 Accuracy Requirements of Water Meters

(a) General. All meters used for measuring the quantity of water delivered to a customer shall be in good mechanical condition and shall be adequate in size and design for the type of service which they measure.

(b) Determination of Accuracy. No new, rebuilt or repaired meter shall be placed in service if it registers outside the parameters established in the then-applicable Rules and Regulations.

(c) As Found Tests. All meters tested in accordance with the rules for periodic, request or complaint tests, shall be tested in the condition as found in the Customer's service prior to any alteration or adjustment in order to determine the average meter error.

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7. PROTECTION OF PUBLIC WATER SYSTEM

7.1 Intercepting and Storage Tanks

(a) Customer Service Lines shall not be connected to the suction side of pumps, unless approved by the Company. Customers who require a large quantity of water within a short period of time must have intercepting or intermediate storage tanks, pump discharge control valves, or other controls approved by the Company.

(b) The inlet connection for the tanks attached directly or indirectly to the Customer Service Line shall discharge at a point no less than two (2) times the diameter of the inlet pipe above the overflow of such tanks and must be approved by the Company.

7.2 Check Valves, Flush Valves and Vacuum Breakers

(a) Customers having boilers or hot water heating systems connected with mains of the Company must have a check valve in the supply pipe to the boilers and hot water heating systems, together with a relief valve at some point between the check valve and heating system. A vacuum valve should be installed, in accordance to applicable plumbing requirements, in the steam line to prevent collapse in case the water supply is interrupted. The Company, however, will not be responsible for accidents or damages resulting from the imperfect action or failure of said valves.

(b) Flush valve or direct flushing closets should not be installed in Premises where the service pipe supplying such Premises is connected to a main two inches or less in diameter. All flush valves shall be equipped with approved type vacuum breakers.

(T) 7.3 Plumbing Work Must Be Approved by Company and Is Subject to Subsequent Inspection

(T) All plumbing done in connection with pipe and fixtures connected with the Company's mains,
(T) including existing plumbing, shall be subject to inspection by the Company. The Company shall have the
(T) right to inspect plumbing to determine compliance with applicable standards, including the presence of
(T) lead and copper materials, whether before such work is covered up or as part of inspecting existing
(T) facilities. If the Company determines that plumbing work is defective, the Company may require it be
(T) corrected before water is turned on.

7.4 Cross-Connections

(a) No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided by a testable backflow prevention assembly. Acceptable forms of protection must comply with all applicable state and local requirements and approved by the Company. The required protective device or system shall be provided, installed and maintained by the Customer in good working condition, at the

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ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Customer's expense, and shall be subject to testing and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.

(b) Any cross-connection existing which is in violation of these Rules shall be immediately removed or corrected. Failure of the Customer to do so may result in immediate termination of water service in accordance with Rule 4.

8. RIGHTS AND RESPONSIBILITIES

8.1 Customers Requiring Uninterrupted Supply

(a) The Company will endeavor to give reasonable service but does not guarantee a sufficient or consistent pressure or an absolutely uninterrupted supply of water, and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as for steam boilers, domestic hot water systems, gas engines, etc.

(b) Fixtures or devices taking a supply of water directly from the service pipes, depending upon the hydraulic pressure of the pipe system of the Company for supplying same under working pressure, will do so at the risk of the parties making such attachments, as the Company will not be responsible for any accidents or damages to which such fixtures or devices are subject.

8.2 Interruptions in Water Supply

(a) The Company reserves the right at any time to shut off the water in the Mains without notice in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for fire protection or other emergencies whenever the public welfare may so require in accordance with Commission Rules. Notwithstanding any other provision in these Rules or any contract or agreement between the Company and any Customer, when, in the judgment of the Company, sufficient supplies of water are not available to the Company, for any reason, to meet all existing and reasonably anticipated demands for service or to preserve and replenish its storage in amounts sufficient to provide fire protection on its system, the Company shall have the right to restrict, limit, curtail or interrupt water service to or water usage by any Customer or Customers.

(b) The temporary shutting off of water from any Premises for any cause, whether non-payment of bills, leaking pipes, fixtures, etc. shall not cancel a contract for water supply service except at the option of the Company or upon notice from the Customer.

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8.3 Liability of Company

(a) The Company shall not in any way or under any circumstances be held liable or responsible to any person or persons for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause whatsoever. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.

(b) The Company will make every effort to maintain a pressure on the distribution system that is required for reasonable service and is compliant with federal and state requirements, but it does not guarantee to furnish at all times any given quantity for fire uses or for general purposes.

(c) The Company shall not be responsible for accidents or damages to boilers, hot water tanks, etc., resulting from the discontinuance of service, nor by reason of the breaking of any main, water pipe, fixture or appliance whether owned by the company or Customer, and no person shall be entitled to damages nor have any portion of a payment refunded for any interruption of service. The Company will exercise every care in this matter, and in the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.

(d) The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. The Company agrees to furnish such supply of water as shall then be available and not other or greater, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

8.4 Meters

No person shall turn the water on or off at any street valve, Company stop, curb stop or other street connection, or at meter setting or meter vault, or disconnect, remove or bypass any meter without the consent of the Company. The Company has the right to prosecute for any damage resulting from any unauthorized tampering with Company property.

8.4 Electrical Ground

No electric wires shall be grounded on the mains of the Company or on any Company Service Lines or pipes or fixtures of any kind which have a metallic connection with the mains of the Company. The Company has the right to prosecute for any damage resulting violation of this Rule.

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ISSUED BY: **/s/ Robert Burton**
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8.5 Limitations on Resale of Water

Water furnished to any customer, except for a customer classified as a "Sales for Resale" customer, is for the customer's use only and such water shall not be resold by the customer to any other person, firm, or corporation on the customer's premises or for use on any other premise. This restriction, however, does not preclude a customer from allocating the Company's billing to the customer to any other person, firm, or corporation provided the sum of such allocations does not exceed the Company's billing.

9. CUSTOMER AND COMPANY SERVICE LINES

9.1 Company Service Lines

(a) Subject to Rule 10 on Main extensions and subject to the terms of any applicable Main extension agreement, the Company will install a Company Service Line provided that it is required for the immediate and continuous supply of water in order to furnish general water service, and that the Premise to be served abuts a street, highway or right-of-way in which a Main is located.

(b) The Customer shall install the Customer Service Line to a point approved by an authorized employee of the Company, after which the Company will have the Company Service Line installed from the Main to the Customer Service Line upon payment by the Customer of the tap fee. Where the Company Service Line is already installed, the Customer Service Line shall be connected to the Company Service Line at a point approved by an authorized employee of the Company.

(c) The Company Service Line shall be sized, furnished, installed, owned and maintained only by the Company and shall remain under its sole control. Only the Company may make connections to its Mains. Nothing may be attached to the Company Service Line except a Customer Service Line. The connection to the Company Service Line must be made by an authorized employee or agent of the Company, or a licensed plumber.

9.2 Customer Service Lines

(a) The Company will specify the location of the connection to the Customer Service Line. The Customer Service Line shall be installed, maintained, and/or owned by the Customer, at the Customer's expense and risk. The Customer Service Lines shall be installed in accordance with applicable plumbing requirements.

(b) Each Premise shall be served by no more than one Customer Service Line unless otherwise approved by the Company. Customer Service Lines supplying the Premises shall not pass through or across any other Premises. No water pipes or plumbing in any Premises shall be extended from

there to any other Premises.

When a Customer Service Line is relocated at the Customer's request, or when no associated relocation of the Company's Service Lines or other infrastructure is occurring, the Customer shall be responsible for the cost of such relocation. In instances where a Customer Service Line is required to be relocated due to roadway construction or other causes not within Company control, and the Company's Service Lines or other infrastructure is also being relocated, the Customer shall not be responsible for the cost of such relocation unless the Customer requests a specific location different than that specified by the Company.

A Customer's Service Line which is irregularly located because there was no Main abutting the Premises at the time such Customer Service Line was installed shall, at the Customer's expense, be relocated and connected to a new Company Service Line on the Main abutting the Premises when it becomes necessary for such Customer Service Line to be repaired or replaced.

(c) A Customer, occupant, owner, or any agent thereof is not authorized to attach the Customer Service Line to Company property or shut the water line on or off. If a Customer, occupant, owner, or any agent thereof does so, and in making an attachment or in shutting off or turning on water does not properly replace the curb box cap or Meter lid, or damages the curb stop, curb box, copper setter, or other property of the Company, repairs shall be made only by the Company, but at the Customer's expense. If a Customer, occupant, owner, or any agent thereof takes any unauthorized action described therein, the Company shall not be liable for any personal and property damage caused to Customer's property.

(d) The Customer Service Line and all connections and fixtures attached thereto shall be subject to the approval of the Company before water will be turned on. All Premises receiving a supply of water and all Company Service Lines and Meters and appurtenances, including any and all fixtures within the Premises, shall at all reasonable hours be subject to inspection by any duly authorized employee or agent of the Company.

(e) Only an authorized agent of the Company may turn water on and off in the meter box. In case of emergencies, licensed plumbers may turn water on and off if a shut off valve is not available in the Premise and must notify Company within 24 hours of doing so.

10. WATER MAIN EXTENSIONS

10.1 General Main Extensions Rules

(a) In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be

used, provided, however, the estimated cost to the Customer or Customers shall not be based on a pipe diameter in excess of eight (8) inches, unless actual consumption estimated for the proposed Customer or Customers requires a larger pipe.

(b) No interest will be paid by the Company on the Applicant's payment or on any balances not refunded. At the expiration of said ten-year period, the refund account will be closed, and no further refunds will be made.

(c) Extensions made under this Rule shall be and remain the property of the Company.

(d) The Company reserves the right to further extend its water mains from and beyond the end of each Water Main Extension made under this Rule. The Applicant or the Applicant's agent paying for an extension shall not be entitled to any refund for the connecting of Customers to any further extension of mains installed.

(e) In determining the length of main extensions to be installed, the main shall be extended to fully cover the frontage of the property, and if the last lot to be served is a corner lot or a lot immediately adjacent to a corner lot, the terminal point of the extension made hereunder shall be located so that the main laid hereunder ties in with the existing main located in the intersecting street; and further provided that if there is no main located in the intersecting street, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street or to the edge of subdivision property, including common area.

10.2 Main Extensions for Other than in New Subdivisions

(a) For Free Extensions, the Company will, upon written request for Residential service by a prospective Residential Customer or a group of prospective Customers located in the same

neighborhood, make free of charge an extension necessary to give service, when the estimated total revenue, for a period of three (3) years from the prospective Customer or Customers is approximately equal to the cost of the extension; provided that the prospects are that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

(b) For Extension Above Limit, if the extension required in order to furnish general water service at any point within the corporate limits of the municipality or for any adjacent suburb of the municipality is greater than the cost of the free extension specified herein, such an extension will be made under the following conditions: the Company shall require a deposit of the cost of the extension above the free limit and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end within a period of ten

(10) years from the making of such extension, refund an amount equal to three times the estimated annual revenue of the new Customer, but at no time shall the aggregate refund made to any Customer exceed the original deposit of such Customer.

(c) The free extension or refund amount shall not be reduced below that applicable to fifty (50) feet of main per Customer. A prospective Customer is one who will connect to such main extension within the refund period after the date the water is turned on in the main; provided further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customer will take water service within the aforementioned refund period.

10.3 Main Extensions for New Subdivision

(a) Definitions

i. The term "new subdivision" as used herein shall mean any new subdivision of residential and/or commercial lots for which a preliminary or final plat has been approved by the local planning and zoning authority, and in which the owner thereof has the right, under the rules of said Authority, to construct streets, sidewalks, curbs and other improvements.

ii. The term "lot" as used herein shall mean any plot of ground laid out for building purposes, the front footage of which does not exceed one hundred feet. Should the frontage of any plot exceed one hundred feet, it shall, for the purposes of this Rule be considered as a single lot, if the average footage of all lots in the subdivision does not exceed one hundred feet. If the average frontage of all lots in the subdivision does exceed one hundred feet, the total number of lots in the subdivision shall be determined by dividing the total frontage of all the lots in the subdivision by one hundred feet.

iii. The term "on site facilities" as used herein shall include only those water mains and related facilities, if any, to be installed by Company and located within the boundaries of the new subdivision or part thereof as said boundaries are depicted on the preliminary (or final, if applicable) plat of such subdivision or part thereof approved by the local planning and zoning authority.

iv. The term "off-site facilities" as used herein shall include all water mains and related facilities, if any, to be installed by Company and located outside of the boundaries of said new subdivision as said boundaries are depicted on

the preliminary (or final, if applicable) plat of said subdivision as approved by the local planning and zoning authority, in order to deliver an adequate supply of water from existing mains of Company to such new subdivision.

v. The term "current estimated cost" as used herein shall mean that sum determined by Company as the estimated cost of installing one foot of water main, together with that sum determined by Company as the estimated cost of installing each type of appurtenant related facility based upon current materials costs, bids received, and other current project data. Such average cost per foot and such average cost per appurtenant facility shall be deemed to be the "current estimated cost" for such mains and facilities during the twelve month period immediately following such determinations, it being contemplated that the current estimated cost will be revised annually in order to keep same as current as practicable.

(b) Before water lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the established sub-grade; and the developer or builder of such new subdivision shall furnish the Company with a right-of-way agreement suitable in form to the Company, unless the streets of the new subdivision have been dedicated to the public use.

(c) When an extension of Company's water distribution system into any new subdivision or part thereof as defined herein is requested by the owner of such subdivision, such extension will be made under the terms of a "New Subdivision Extension Deposit Agreement for Off Site Facilities" as hereinafter set forth in the Appendix, and/or a "New Subdivision Extension Deposit

Agreement for On Site Facilities" as hereinafter set forth in the Appendix, which Agreements shall be entered into upon the following basis:

i. Company shall have the exclusive right to determine the type, location and size of mains to be installed and of the related facilities required to render adequate service.

ii. The owner of the new subdivision may elect to develop it in sections or units and to have main extensions made into such sections or units from time to time as the same are ready for development and may elect further to have the entire subdivision considered as a whole for the purpose of making deposits and receiving refunds for off-site facilities under Company Rule No. 10. In such event, owners shall furnish Company with preliminary or final plats of the unit or units thereof to be initially developed, such plats to be

approved as hereinafter provided, such plats to be so furnished prior to the making of any extensions into said new Subdivision. As subsequent units of said subdivision are thereafter developed, preliminary or final plats so approved thereof shall be furnished to Company as hereinafter provided. Upon delivery to Company by the owner of such subdivision of four (4) copies of a preliminary or final plat of the subdivision or units thereof, duly approved by the Local planning and zoning authority, which plats shall depict the location and grade of all streets, sidewalks, building plots, building lines and utility easements contained therein, together with evidence of the owner's authority to construct streets, sidewalks, curbs and other improvements therein, Company shall prepare appropriate plans and specifications for the installation of necessary mains and related facilities to render adequate service therein, including where applicable, such off site facilities as deemed necessary and upon delivery to Company by the owner of such subdivision, any other information requested by the Company.

iii. Separate Extension Deposit Agreements, in the form provided in the Appendix, shall be entered into by the owner of the subdivision and Company for off-site facilities and for each separate unit in which on site facilities are requested, provided, moreover, that the ten (10) year refund period applicable in such agreements shall apply separately to each such transaction.

iv. When plans and specifications for installation of such mains and related facilities are completed, Company shall determine the presumed cost of construction and installation of such mains and related facilities which presumed cost shall be the aggregate of (1) the total number of feet of each size and grade of main required in such construction multiplied, respectively by Company's current estimated cost for each such size and grade of main, and (2) the total cost of installation of all related facilities required in such construction as determined by Company's current estimated cost for each of such facilities. In absence of actual cost data upon which to prepare a current estimated cost for any particular required related facility or size and grade of main, the presumed cost thereto shall be the best estimate of Company with respect to the cost of such mains or related facilities based on available information with respect to same. In

making such determinations of presumed cost of construction, Company shall separately compute the cost of installation and construction of on-site mains and facilities required and the cost of off-site mains and facilities required.

v. When such determination of presumed cost of on-site mains and facilities and presumed cost of off-site mains and facilities required has been completed, the sums to be deposited by the owner of such subdivision with Company under the terms of the "New Subdivision Extension Deposit Agreement for On Site Facilities" and the "New Subdivision Extension Deposit Agreement for Off Site Facilities" if applicable, shall be determined by Company and shall be (1) the total presumed cost of all on site mains and related facilities of the new subdivision or any part thereof to be constructed as determined as herein provided, and (2) (a) the presumed cost of ten (10) feet of off-site mains and facilities multiplied by the total number of building plots shown on and included within the whole of said new subdivision or (2) (b) the presumed cost of all required off site facilities, whichever be the smaller sum. The presumed cost per foot of off-site mains and facilities as used in this computation shall be determined by dividing the total presumed cost of all off site mains and related facilities by the total footage of such off site mains. In the event it is necessary to construct off site mains for a distance in feet greater than ten (10) times the number of building plots included within the whole of said subdivision as depicted on the initial submitted plat thereof, such excess off site extension will not be made under the "New Subdivision Extension Deposit Agreement for Off Site Facilities", but shall be made under an Extension Deposit Agreement as provided in the Appendix of these Rules.

vi. For each Premises served for which a street service connection shall be directly attached to such main extension between its original beginning or original terminus, excluding connections to further extensions or branches thereof, and crediting no more than one such service connection per building plot, Company shall refund to the owner of such subdivision under terms and provisions of New Subdivision Extension Deposit Agreements separately executed each for on-site and off-site improvements, amounts determined as follows:

a. For on-site facilities, the quotient obtained by dividing the total presumed cost of all on site mains and related facilities, determined as provided in Section (c) vi above for that part of the new subdivision then to be developed, by the total number of lots,

determined as provided in Section (a) ii herein, which will be served by the on-site facilities then to be developed and as shown

on the preliminary or final plat of the part of the subdivision to be developed.

b. For off-site facilities, the quotient obtained by dividing the deposit for off-site facilities, determined as provided in Section (c) iv above, by the total number of building plots shown on and included within the whole of said subdivision and shown on the preliminary or final plat of the whole subdivision delivered to Company as provided in Section (c) ii above.

vii. The owner of such subdivision, in consideration of an accelerated development of said subdivision to be obtained through Company's proceeding, on the basis of a preliminary plat, with its plans and specifications, and, at Company's option, with construction of its mains and facilities, shall, as a part of the New Subdivision Extension Deposit Agreements for both Off Site and On Site Facilities, warrant to Company that the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements as depicted on said preliminary plat will not be altered or changed in any respect in the final plat of said subdivision or part thereof, as finally approved by the local planning and zoning authority and recorded in the Office of the County Clerk. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision or part thereof as approved by said Authority or as recorded in the office of said Clerk, whether such changes are made with or without the consent of said subdivider, and in the event such alteration,

amendment or change requires, in the sole judgment of Company, the relocation, removal, replacement, reconstruction, change in site or additions to the mains and related facilities, the subdivider shall indemnify and hold harmless Company of and from any and all damages and costs of such removal, replacement, relocation, reconstruction and any all other expenses or costs relating to Company because of the change of location or grade of streets, curbs, sidewalks, lots, building lines or utility easements in said subdivision or part thereof.

(d) Company shall, upon written request of any owner of a new subdivision, with who a contract has been entered into under these Rules, made within thirty (30) days after effective date of these Rules,

re-execute such agreements under terms of these Rules.

11. PUBLIC AND PRIVATE FIRE SERVICE

11.1 Application for Private Fire Service

(a) The extent of the rights of the Customer for private fire service is to receive, but only at times of fire at the Premises served by the private fire service, such supply of water as shall then be available. The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fires, or to protect any persons or property against loss or damage by fire, or otherwise, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water failure to supply water or pressure, or for any other cause whatsoever.

(b) The applicant or its agent shall complete an "Application for Special Connection," which is available at the Company's offices. Service connections for water to be taken for the extinguishment of fire shall be made only upon the terms as provided for in the "Application for Special Connection," and then only after such application has been submitted by the Customer and approved in writing by the Company and the applicable Fire Department.

(c) A gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Company, and said valve and post indicator shall be furnished, installed and maintained by the Company at the expense of the Customer, and unless otherwise approved by the Company, said valve shall be installed which shall be furnished, installed and maintained by and at the expense of the Customer.

(d) The Company will make the connection to its mains at the cost and expense of the Customer, and the service connection from the main to the post indicator valve as described in Section 11.1 (c) will be furnished, installed, owned and maintained by the Company and at the cost and expense of the Customer.

(e) The entire private fire service system on the Customer's premises shall be installed by and at the expense of the Customer and shall be subject to the inspection, test and approval of the Company before the service is made effective, and at such time thereafter as may be deemed necessary by the Company.

(f) A private fire service connection is furnished for the sole purpose of supplying water for the testing of the system and the extinguishment of fires, and the use of water from such a connection for any other purpose is absolutely forbidden.

(g) Private fire protection service may at any time be furnished at the option of the Company through a line

guarded by an approved fire line meter or detector device which shall be furnished and installed by the Company at the expense of the Customer. The meter shall be set in an approved vault or chamber, properly drained and protected, located at a point as near as possible to the curb line, and said vault or chamber shall be constructed and maintained by the Company at the expense of the Customer. The private fire meter or private detector device will be maintained by the Company, but at the expense of the Customer.

(h) Hydrants and other fixtures connected with a private fire service connection may be sealed by the Company, and such seals shall be broken only in case of fire or as specially permitted by the Company, and the Customer must immediately notify the Company of the breaking of any such seal.

(i) No pipe or fixtures connected with a private fire service connection served by the Company shall be connected with pipes or fixtures supplied with water from any other source. An industry approved backflow prevention device reviewed by the Company must be installed on private fire service connections and such device must be tested annually thereafter.

(j) The entire private fire service connection and all parts of it which are located outside of the property line of the Customer and any meter or other indicating or controlling device and all parts and appurtenances thereof no matter where located shall be accessible and available in a safe manner to the Company at all times.

(k) The Company shall determine the size and location of any connections made to its mains for private fire service.

(l) The Customer shall furnish an accurate sketch or drawing showing the pipes, valves, hydrants, connections and appurtenances on the premises of the Customer and connected with the mains of the Company and also an accurate sketch of any other water pipe system and fixtures that may exist on the premises.

(m) Whenever a fire service system is to be tested under the regulations of the fire insurance underwriters, the Customer shall notify the Company of such proposed test, naming the day and hour when same is to be made, so that, if desired, the Company may have an inspector present during the test.

(n) All applications for private fire protection shall be subject to the written approval of the applicable Fire Department. It is the Customer's responsibility to obtain this approval.

(o) All subsequent owners of the property containing private fire service, assume all responsibilities under the original Application for Special Connection.

11.2 Terms and Conditions for New Private Fire Hydrant Service

(a) Applicants and Customers subject to this tariff are also subject to Rule 11.1(a), (b), and (f), which are incorporated by reference as if set forth herein.

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(b) The entire cost for labor, materials and other expenses incurred in installing the private fire hydrant connection, consisting of tapping the main and installing the hydrant branch and hydrant at a convenient point between the curb and property line, will be paid by the Applicant and any work done by the Company in connection therewith will be at the expense and risk of the Applicant.

(T) (c) At the Company's discretion, advance payment of three years' private service rate in Service Classification No. 4 for each private fire hydrant by the applicant will be required at the time the contract is signed for private fire hydrant service.

(d) Water used for extinguishing fires will not be charged. Prompt notice of hydrant use is to be given to the Company in order that the installation may be inspected.

(e) Except for hydrants owned by private entities as set forth in their contract with the Company, title to the service connection and hydrant shall, upon completion of construction, become vested in the Company, which thereafter shall assume responsibility for maintenance. Regardless of ownership, all parts and appurtenances shall be accessible and available to the Company at all times.

(f) No private fire hydrant will be installed at a location where the normal flow from the hydrant is less than 500 gallons per minute with a 20 pounds per square inch residual pressure in the main serving the hydrant.

(g) After expiration of the initial three-year advance payment of the private service rate by the applicant, the applicant will continue to be responsible for charges for this service. The applicant may request the Company's consent to transfer responsibility for the private service rate to an entity in good standing in the state in which the entity was organized. Any such request must be approved by the applicant, the entity to which the responsibility is being transferred, and the Company in order to be effective.

(h) Failure to pay the private service rate shall be sufficient cause for discontinuance of water service after reasonable notice by the Company.

(i) The private service rate shall continue in effect until such time as a unit of government shall agree to pay public fire protection charges thereon.

11.3 Public Fire Hydrants

(a) No person, except for the legitimate purpose of extinguishing fires or for other purposes herein provided, shall open any fire hydrant without the consent of the Company.

(b) During freezing weather, the City or County shall notify the Company after it has opened any hydrant.

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ISSUED BY: **/s/ Robert Burton**
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President
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(c) Any expenses for repairs caused by the negligence of the employees of the municipality or by members of the fire department shall be paid for by the municipality.

(d) The use of fire hydrants will be restricted to the taking of water for the extinguishing of fires, and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers or gutters or for any other use, unless specifically permitted by the Company for the particular time and occasion.

(e) Inspections and tests of public fire hydrants will be made by the Company at convenient times and reasonable intervals.

(f) Whenever a change in location, size or type of a fire hydrant is ordered, requested, or made necessary due to change in line or grade of any roadway, curb or walk, said change will be made by the Company at the expense of the municipality or other party ordering, requesting, or making necessary such change.

(g) In the event that the City or County shall order in writing the installation of additional fire hydrants on existing mains having an internal diameter of six inches or larger, the Company will install such hydrants at its own cost and expense, provided that such mains are of adequate capacity to provide the required fire flows.

(h) Where pipe line installations are required to carry out a written order of the City or County to install fire hydrants, or where existing mains, in the opinion of the Company, are inadequate to provide required fire flows to such hydrants, and the City or County orders in writing the installation of a water main of adequate size to provide such flows to the hydrant or hydrants so ordered, the Company will install such mains and hydrants at its own cost and expense, provided that the estimated cost of the extension does not exceed the estimated total revenue for a period of three (3) years from such hydrant or hydrants and from prospective Customers who will connect to such main within thirty (30) days after the date that water is turned into the main; and provided, further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customers will take water service at their premises within thirty (30) days after the date that water is turned into the main. If the estimated cost of the proposed extension and hydrants required in order to furnish fire service exceeds three (3) times the Company's estimate of immediate annual revenue, such extensions will be made under the following conditions: the Company may require a deposit in the amount by which the cost of the extension, including the cost of hydrants which might be connected thereto, exceeds three (3) times the annual revenue estimated to be received from the hydrant and prospective Customers and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end with a period of ten (10) years from the making of such extension, refund an amount equal to three (3) times the estimated revenue of the new Customer, but at no time shall the aggregate refund made exceed the original deposit.

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12. SERVICE CLASSIFICATIONS AND TARIFFS/RATES/FEES

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered service.

Meter Rates
The following shall be the rates for consumption, in addition to the service charges provided for herein;

	Customer Category	Rate Per 1,000 Gallons All consumption	Rate Per 100 Gallons All Consumption	Rate Per Gallon All Consumption
(I)	Residential	$9.4547	$0.94547	$0.0094547
(I)	Commercial	9.6242	0.96242	0.0096242
(I)	Industrial	8.5162	0.85162	0.0085162
(R)	Municipal & Other Public Authority	7.8881	0.78881	0.0078881
(I)	Sales for Resale	8.7371	0.87371	0.0087371

Service Charges
All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

	Size of Meter	All Classes Service Charge Per Month
(I)	5/8”	$ 21.70
(I)	3 /4	32.50
(I)	1”	53.90
(I)	1-1 /2”	108.00
(I)	2”	172.80
(I)	3”	323.90
(I)	4”	539.30
(I)	6”	1,079.40
(I)	8”	1,727.10

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 30

RESERVED FOR FUTURE USE

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KENTUCKY AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 30.1

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 2.1

(D)
(D)

Applicability

Applicable to all customers previously served by Livingston Municipal Water Works.

(D)
(D)

Meter Rates

The following shall be the rates for consumption:

(D)
(D)

Inside City Limits

First 2,000 gallons	$29.74 minimum bill
2,001 to 999,999 gallons	$11.11 per 1,000 gallons

(D)
(D)
(D)

Outside City Limits

First 2,000 gallons	$31.42 minimum bill
2,001 to 999,999 gallons	$11.11 per 1,000 gallons

(D)
(D)
(D)

NOTE: The Commission approved the acquisition of Livingston Municipal Water Works in Case No. 2026-00066. The tariff sheet with the Livingston rates is under review by the Commission, along with the Table of Contents that reflects the addition.

KAW explained in Case No. 2026-00066 that it would propose moving the former Livingston customers to KAW's unified rates in its next rate case. The (D) tariff notations reflect that proposal in this case, along with proposing deletion of this sheet on Sheet No. 1 in the Table of Contents.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 31

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 3

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates

Size of Service	Rate Per Month	Rate Per Annum
2" Diameter	$ 14.00	$ 168.00
4" Diameter	56.00	672.00
6" Diameter	125.55	1,506.60
8" Diameter	223.00	2,676.00
10" Diameter	348.25	4,179.00
12" Diameter	521.25	6,255.00
14" Diameter	502.00	6,024.00
16" Diameter	891.50	10,698.00

Special Provisions
No charge shall be made for water used in extinguishing accidental fires or for Underwriters' tests, and water shall not be drawn from a private fire service connection for any other purpose.

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed in Service Classification No. 1 shall also be charged.

The charges under this provision are in addition to any general water service charges.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 32

TAPPING FEES

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service

Available for residential, commercial, industrial, other public authority and sales for resale customers.

Tapping (Connection) Fees

Size of Meter Connected

5/8-Inch	$1,223.00
1-Inch	2,174.00
2-Inch	4,002.00
Service larger than 2”	Actual Cost

For services greater than 2”, a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 33

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 4

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates for Public Fire Service

		Rate Per Month	Rate per Annum
(R)	For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Governmental Agencies or Institutions.	$11.53	$138.36

Rates for Private Service

	For each private fire hydrant contracted for by Industries or Private Institutions.	$120.00	$1,440.00

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition, to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed In Service Classification No. 1 shall also be charged.
The charges under this provision are in addition to any general water service charges.

Special Provisions
A few hydrants are connected to mains by a "special connection." A "special connection" exists when a customer and the Company entered into a service contract in which the customer agreed to maintain an unmetered water line from a Company main to the customer's service line. If the Company has reason to believe water from a special connection is being used for purposes other than fire protection, including that the connection or line is leaking, the Company may install a meter and charge for usage under this tariff. The Company may require the customer to pay for the meter and its installation if:

(1) the Company gives the customer written notice of the usage problem, requests that the customer correct the problem, and informs the customer that failure to correct the problem within 90 days could

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result in liability of the customer for the cost of installing a meter to monitor usage, (2) the customer does not substantially correct the problem within 90 days of the written notice, and, (3) the Company thereafter gives three business days' notice, which shall include a cost estimate, that it will install the meter at the customer's expense.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
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CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 5

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Water Used for Construction, Street Washing, Pool Filling, and Similar Purposes.

Rates

Where a meter is installed on a fire hydrant or on a temporary service connection for construction, street washing, pool filling, and similar purposes, the minimum payment for water shall be the monthly service charge for general water service, payable in advance based upon the size of the meter installed. If more than one fire hydrant or temporary service connection is used, the service charge is to apply to each such hydrant or temporary service connection so used.

The Company may require an application to be signed and either the service charge paid in advance or, at the option of the Company, a meter deposit made, and the account handled in the same manner as any other metered account. This service charge will not entitle the Customer to any water and all water used shall be billed at the meter rate schedule. In addition to such charges the Customer shall pay all reasonable costs incurred in connection with the installation and removal of the meter.

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CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6
BILLING OF LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES INCLUDING SCHOOL TAX

Applicable

Applicable to all customers in the Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, fee or other similar fee, charge or tax now or hereafter imposed upon the Company by local taxing authorities or the Kentucky River Authority, whether imposed by ordinance, franchise, statute or otherwise, and which fee, tax or charge is based upon Kentucky River water usage or a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer. Where more than one such charge, fee or tax is imposed, the total of such charges, fees or taxes applicable to a Customer may be billed to the customer as a single amount. Charges, fees or taxes herein referred to shall in all instances be billed to customers on the basis of Company rates or usage effective at the time of billing, and on the basis of the tax rate of usage effective at the time billing is made.

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate amount of school tax in any county requiring a utility gross receipts license tax for schools under KRS 160.613.

There shall also be added to the Customer's bill, as a separate item, any fee, tax or charge imposed upon the customer by a municipality or governmental agency, the purpose of which is to allocate among those customers identified by ordinance, franchise, statute, or otherwise, the cost of fire hydrants imposed upon the municipality or governmental agency. Failure to pay this charge shall not constitute grounds for termination of service.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 37

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company supplied water from the Kentucky River.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

Kentucky-American Water Company in accordance with the tariff shown in First Sheet No. 36 shall charge a rate of $0.0286 per 100 gallons.

Except for rate changes imposed by the Kentucky River Authority, which will be put in effect immediately upon notification of such change by the Kentucky River Authority, this fee will be adjusted annually beginning January, 2002 to reflect any over or under collection of Kentucky River Authority fees existing at the time of the adjustment

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 37.1

CLASSIFICATION OF SERVICE
PFAS LITIGATION UNIVERSAL SURCREDIT ("PLUS")

APPLICABILITY

Applicable to the entire Service Territory of Kentucky-American Water Company.

Kentucky-American Water Company sought compensation from various manufacturers of chemicals of Aqueous Film Forming Foam. This litigation was consolidated for the limited purpose of pursuing settlements into multi-district litigation No. 2873 ("MDL") which are overseen by the United States District Court for the District of South Carolina. Kentucky-American Water Company has entered into multiple settlements in the MDL and may enter into further agreements. These settlements may provide one or more payments. The proceeds will be net of any costs to be paid out of the settlement funds incurred to administer or achieve the settlement. The purpose of this tariff is to credit Kentucky-American Water Company customers the proceeds Kentucky-American Water Company receives from these MDL settlements.

The proceeds from the MDL shall be credited to customers as a one-time credit within a reasonable time after Kentucky-American Water Company receives payment of the funds. Kentucky-American Water Company shall provide notice to the Commission of the amount of proceed included and a workpaper showing the determination of the credit as outlined below. Kentucky-American Water Company may combine proceeds resulting from the MDL settlement.

Determination of the Credit

The litigation or settlement proceed credit shall be calculated as follows:

$$\text{PLUS Credit} = \frac{\text{MDL Proceeds}}{\text{Total Water Customer Count}}$$

$$\text{PLUS Credit} = \frac{(MDLP)}{CC}$$

Where:

PLUS Credit	Represents the proceeds credit each customer will receive as a result of proceeds paid from MDL settlements.
MDLP	Represents the proceeds received from the one or more MDL settlements.
CC	Total active water customer counts, inclusive of all customer classes at the time of credit calculation.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 38

RECONNECTION CHARGE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers

When it is necessary to discontinue water service to any premises because of a violation of the Company's Rules a Regulations on account of nonpayments of any bill for water service, a charge of
Fifty-six Dollars ($56.00) will be made to cover the expense of turning on the water service.

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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
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INSUFFICIENT FUNDS CHARGE

In those instances where a customer renders payment to the Company by check or electronic funds transfer which is not honored upon deposit by the Company, the customer will be charged ($12.00) to cover the processing costs.

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Original Sheet No. 40

INSPECTION OF SERVICE LINE

Applicable:
Applicable to the entire service territory of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3).

Availability of Service:
Inspection of service lines is available to all customers of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3). The customer shall leave the trench open and the service line uncovered. The service line must be determined to be free from any tee, branch connection, irregularity or defect before service will be initiated.

Rate:
The customer shall be charged $25.00 for each inspection of a service line.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 41

NEW ACCOUNT SET UP
ACTIVATION FEE

Applicable
Applicable to all customers who request a new account or a change in ownership of an existing account.

Availability of Service
Available for all customers.

Rate
An activation fee of Twenty-eight ($28.00) Dollars shall be charged to set up a new account or change an existing account. The activation fee covers the cost of meter reading and record change.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 42

LATE PAYMENT FEE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers.

Rates

Kentucky American Water Company shall charge a 5% late fee on all charges that are paid after the due date on the bill. The late payment fee is 5% calculated upon all amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing services contract, or on previously assessed late payment fees or other penalty charges. The late payment charge will only be assessed once on any bill for rendered services. Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 43

BULK SALES OF WATER THROUGH LOADING STATIONS

Availability of Service

This service is available at locations deemed appropriate by Kentucky-American Water Company.

Rate

The following rates and charges are prescribed for the customers in the area served by Kentucky-American Water Company.

(R)	Bulk Sales Rate	$0.23694 per 50 gallons
(R)		$0.47387 per 100 gallons

Terms and Conditions of Service

Service taken under this tariff must be prepaid by the customer.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 44

SERVICE CLASSIFICATION NO. 6
SERVICE LINE LEAK ADJUSTMENT RATE

Applicable
Applicable to entire Service Territory of Kentucky-American Water Company.

Availability of Service
Available for Residential, Commercial and OPA customers.

Rates
A charge of twenty-five (25) percent of the applicable tariff will be applied to all water usage determined to be the result of a service line leak.

Terms and Conditions
A service line leak is defined as a leak in the customer service line between the meter and the premises. Service line leak adjustments will be granted to residential, commercial, and OPA customers. The customer must provide a plumber's statement or list of materials showing that the leak has been repaired. After verification of repairs by the Water Company, the bill will be adjusted by comparing the usage during the leak billing period to the average usage for the past six billing periods. A reasonable estimate will be used in cases when six prior periods of information do not exist. The excess usage will be billed at the rate specified above. During the lifetime of a water service line only two leak adjustments will be permitted. Each adjustment may cover a maximum of two billing periods. Before a third adjustment can be considered, the entire water service line from the meter box to the premises must be replaced. Plastic pipe for repair of underground water service lines must be certified to withstand a working pressure of 160 pounds per square inch or greater.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 45

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

Page 1 of 3

Monthly Statement

Account No. **1012-210001234567**

Total Amount Due:	**$37.80**
Payment Due By:	**May 29, 2018**

Service Address:
JOHN Q CUSTOMER
1234 ANYWHERE ST UNIT 1234
CITY, ST ZIP CODE

THANK YOU FOR BEING OUR CUSTOMER.

Billing Date:	May 11, 2018
Service Period:	Apr 11 to May 10
Total Gallons:	3,740

Important Account Messages

- Looking for an easy way to manage your account and service needs? Try our redesigned customer portal at www.amwater.com/MyAccount. Find out how much you owe, start or stop service and pay your bill electronically without a convenience fee. And you can access anytime ... 24x7, all day, every day!

For more information, visit www.kentuckyamwater.com

Account Summary – *See page 3 for Account Detail*

Prior Billing:		$42.67
Payments - Thank You!	−	$42.67
Balance Forward:	=	**$0.00**
Service Related Charges:	+	$35.66
Taxes:	+	$2.14
Total Amount Due:	=	**$37.80**

View your account information or pay your bill anytime at: amwater.com/MyAccount

Pay by Phone*: Pay anytime at 1-855-748-6066
**A convenience fee may apply*

Customer Service: 1-800-678-6301
M-F 7:00am to 7:00pm – Emergencies 24/7

▾ Please return bottom portion with your payment. DO NOT send cash. Retain upper portion for your records. ▾

TRA1-S-00800100000002 PC0180 ETM1C001 1 34 6 A

Account No. **1012-210001234567**

Total Amount Due:	**$37.80**
Payment Due By:	**May 29, 2018**
If paying after 5/29/18, pay this amount:	$39.69

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

PO Box 790247
St Louis, MO 63179-0247

Service to: 1234 ANYWHERE ST
CITY, ST ZIP CODE

Amount Enclosed $

8001 1 AB 0.301 00001/008001/000002 0047 2 PC0180
JOHN Q CUSTOMER
1234 ANYWHERE ST
UNIT 1234
CITY ST 00000-0000

KENTUCKY AMERICAN WATER
PO BOX 790247
ST LOUIS, MO 63179-0247

00010122100012345670000000000003780013

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 46

Messages from Kentucky American Water

- ***IMPORTANT WATER QUALITY MESSAGE: 2017 Kentucky American Water annual water quality report is available. This report contains important information about your drinking water. Please go to www.amwater.com/ccr/lexington.pdf, www.amwater.com/ccr/owenton.pdf or www.amwater.com/ccr/fordhampton.pdf to view your 2017 annual water quality report or to request a paper copy call 800-678-6301.
- If you would like a copy of our tariff please visit www.kentuckyamwater.com, call 1-800-678-6301, or visit our customer lobby at 2300 Richmond Road in Lexington anytime between 8 a.m. and 4:30 p.m., Monday through Friday.
- Local Office: 2300 Richmond Road (Lexington).

CUSTOMER SERVICE
1-800-678-6301
HOURS: M-F, 7am-7pm • Emergencies: 24/7
TTY/TDD FOR THE HEARING IMPAIRED: 711 (and then reference Customer Service number listed above)

SERVICES

Go Paperless: Save time. Save money. Sign up for **Paperless Billing** and **Auto Pay** on My Account at amwater.com/myaccount. Not registered? Log in and be sure to have your account number handy.

Water Quality: We take water quality seriously. When it comes to complying with federal drinking water standards, we consistently score better than the industry average. For a copy of the annual water quality report for your area, visit kentuckyamwater.com. Under Water Quality, select Water Quality Reports.

H2O Help To Others: This program helps low-income customers who qualify with their water bills. For more information, visit kentuckyamwater.com. Under Customer Service & Billing, select Low Income Program.

EXPLANATION OF OTHER TERMS

Payment by Check: Paying by check authorizes American Water to send the information from your check electronically to your bank for payment. The transaction will appear on your bank statement. The physical check will not be presented to your financial institution or returned to you.

Estimated Bill: This occurs when we are unable to read the water meter. Your usage from the same billing period the prior year is used to calculate the estimated bill. The next actual meter reading corrects any over or under estimates.

Disputes: If you have questions or complaints about your bill, please call us at 1-800-678-6301 before the due date. If your bill is unusually high, it may indicate that there is a leak in your plumbing. For tips on how to detect leaks and use water wisely, visit us online. You'll find helpful tools under the Water Information menu. Every drop counts!

Rates: A detailed listing of charges that make up your bill is available upon request by contacting Customer Service or visiting us online at kentuckyamwater.com. Under Customer Service & Billing, select Your Water Rates.

Correspondence: Please send written correspondence to PO Box 578, Alton, IL 62002-0578. Be sure to include your name, account number, service address, mailing address and phone number including area code. Please do not send correspondence with your payment, as it may delay processing your payment and correspondence.

H2O HELP TO OTHERS PROGRAM - lend a hand to customers in need

☐ I'm adding a one time contribution of $_____ with my payment.
☐ I'd like to add a recurring contribution to each bill of $_____. I understand this amount will be added to each bill.

Address Change(s)

Name

Address

City

State Zip Code

( ) ☐ Mobile Number
Phone Number

E-mail Address

Other ways to pay your bill

Auto Pay
Save time and money. Enroll in Auto Pay, and your bill will be paid on time, every time, directly from your bank account on the due date. No stamps required!

Online
With My Account, you can pay your bill anytime, anywhere. Registration is fast and easy. Visit amwater.com/MyAccount or pay without registration at www.amwater.com/billpay (fee may apply)

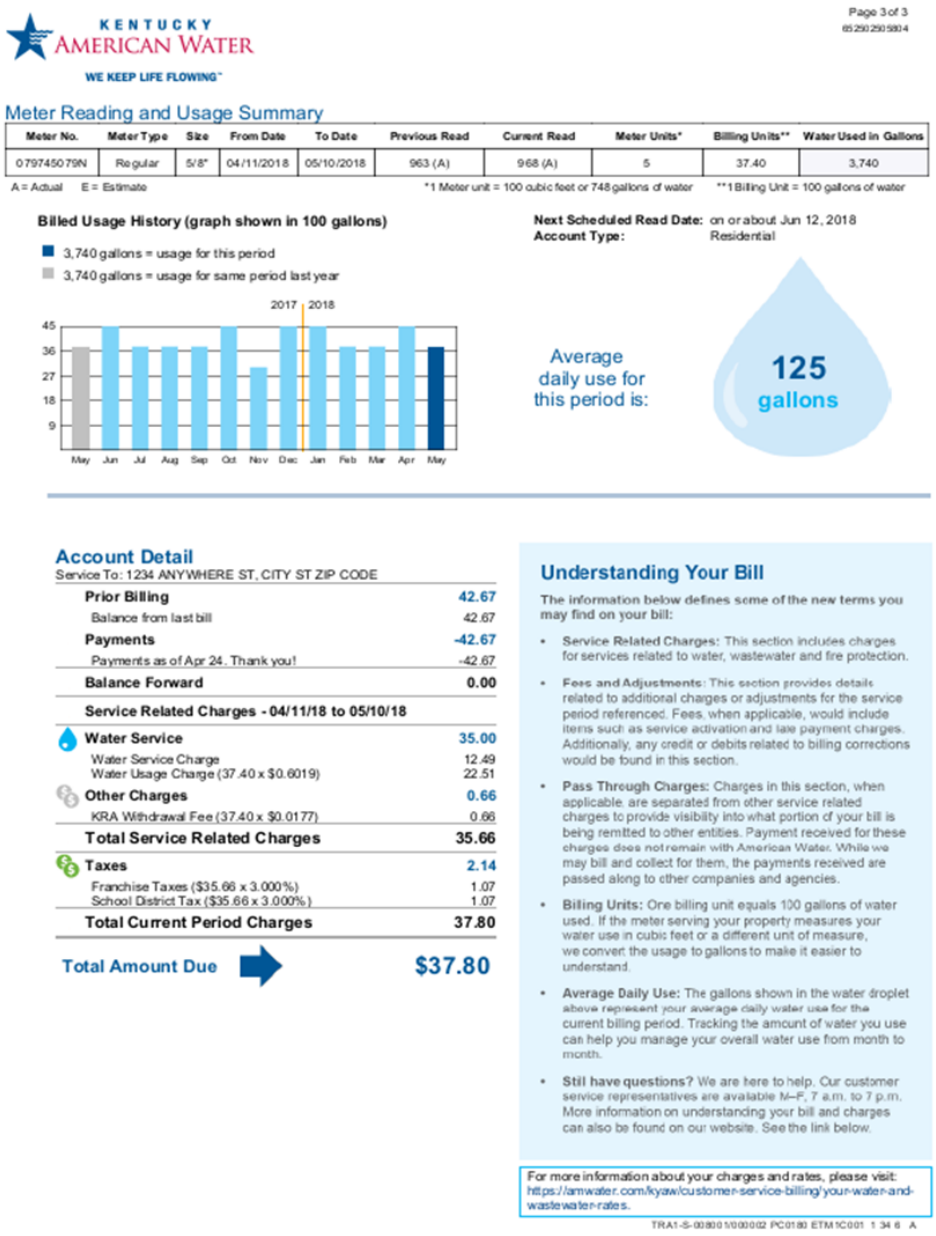
In Person
We have agreements with several authorized payment locations in our service area. Visit our website to find one near you.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 47



Page 3 of 3
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KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

Meter Reading and Usage Summary

Meter No.	Meter Type	Size	From Date	To Date	Previous Read	Current Read	Meter Units*	Billing Units**	Water Used in Gallons
07974507 9N	Regular	5/8"	04/11/2018	05/10/2018	963 (A)	968 (A)	5	37.40	3,740

A = Actual E = Estimate
*1 Meter unit = 100 cubic feet or 748 gallons of water **1 Billing Unit = 100 gallons of water

Billed Usage History (graph shown in 100 gallons)

3,740 gallons = usage for this period
3,740 gallons = usage for same period last year

Next Scheduled Read Date: on or about Jun 12, 2018
Account Type: Residential

Average daily use for this period is: 125 gallons

Account Detail
Service To: 1234 ANYWHERE ST, CITY ST ZIP CODE

Prior Billing	**42.67**
Balance from last bill	42.67
Payments	**-42.67**
Payments as of Apr 24. Thank you!	-42.67
Balance Forward	**0.00**
Service Related Charges - 04/11/18 to 05/10/18	
Water Service	**35.00**
Water Service Charge	12.49
Water Usage Charge (37.40 x $0.6019)	22.51
Other Charges	**0.66**
KRA Withdrawal Fee (37.40 x $0.0177)	0.66
Total Service Related Charges	**35.66**
Taxes	**2.14**
Franchise Taxes ($35.66 x 3.000%)	1.07
School District Tax ($35.66 x 3.000%)	1.07
Total Current Period Charges	**37.80**
Total Amount Due	**$37.80**

Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- **Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection.
- **Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges. Additionally, any credit or debits related to billing corrections would be found in this section.
- **Pass Through Charges:** Charges in this section, when applicable, are separated from other service related charges to provide visibility into what portion of your bill is being remitted to other entities. Payment received for these charges does not remain with American Water. While we may bill and collect for them, the payments received are passed along to other companies and agencies.
- **Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- **Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- **Still have questions?** We are here to help. Our customer service representatives are available M–F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: https://amwater.com/kyaw/customer-service-billing/your-water-and-wastewater-rates.

TRA1-S-00800100000002 PC0180 ETM 1C001 1 34 6 A

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 48

(N) **SYSTEM IMPROVEMENT PROGRAM SURCHARGE ("SIP") RIDER**

(N) **APPLICABLE SERVICE AREA**
(N) Applicable to the entire Service Territory of Kentucky-American Water Company.

(N) **APPLICABILITY OF RIDER**
(N) Applicable to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, and Public and
(N) Private Fire Service customers.

(N) **DETERMINATION OF THE SIP SURCHARGE PERCENTAGE**
(N) (A) The following terms not otherwise defined in this Rider shall have the following meaning given to them:
(N) (1.) "SIP Qualified Infrastructure Investments" include the below recurring and investment projects that are not
(N) for the purpose of serving a new customer ("non-revenue producing plant"):
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)

- Water Mains: scheduled replacement, renewal, improvement, or relocation of existing water mains
- Hydrants and Valves: replacement of existing hydrants and valves
- Service Lines: replacement of existing service lines
- Meters: replacement or improvement of existing meters and end-points
- SCADA Equipment and Systems: installation or replacement of Supervisory Control and Data Acquisition ("SCADA") systems and equipment
- Process Plant Facilities and Equipment: new purchase or replacement of existing components of water supply, treatment, pumping, storage, and pressure regulation facilities, including associated building components and equipment; replacement of existing laboratory equipment; replacement of existing filter media used in treatment
- Booster Stations: replacement or improvement of existing booster stations
- Water Storage Tanks: replacement or improvement of existing water storage tanks

(N) (2.) "SIP Period" means the 12-month period (or portion thereof) during which SIP Qualified Infrastructure
(N) Investments are being tracked.

(N) (3.) "Annual Filing" means the filing to be made at least 90 days prior (by October 1) to the rate effective date
(N) of the SIP Period (January 1) that will establish a SIP Surcharge Percentage on a prospective basis and will
(N) include updates to forecasted SIP Qualified Infrastructure Investments, including an additional year of
(N) forecasted capital expenditures, any shifts in spend between eligible projects and categories of
(N) investments, as well as shifts in spend between years, according to business and operational needs.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

(N) (4.) "Balancing Adjustment" means the annual filing to be made at least 90 days prior (by March 1) to the rate effective date (June 1) of the Balancing Adjustment for the most recently concluded SIP Period that will (1) true up the forecasted costs of capital, depreciation, and taxes associated with SIP Qualified Infrastructure Investments in the most recently concluded SIP Period to actual costs and compare the resulting trued up total revenue requirement to actual SIP revenues billed to customers during that SIP Period, and (2) update the current SIP Period total revenue requirement to minimize the future Balancing Adjustment.

(N) (5.) "Base Water Revenues" mean all billed base water revenue, including water service charges based on the size of meter installed, volumetric water service charges based on consumption, municipal or private fire connection water service charges based on size of service, and water service charges for public or private fire hydrants, but excluding any other separately billed surcharges, surcredits, or taxes such as the Kentucky River Authority ("KRA") Withdrawal Fee, the PFAS Litigation Universal Surcredit ("PLUS"), Franchise Taxes, and School District Taxes.

(N) (6.) "SIP Surcharge Percentage" is the percentage determined as described below and to be updated in tariff filings.

(N) (7.) "SIP-related costs" or "SIP costs" mean costs of capital, depreciation, and taxes associated with SIP Qualified Infrastructure Investments.

(N) (8.) "System Improvement Program Surcharge" or "SIP Surcharge" means the amount added to a customer bill when the SIP Surcharge Percentage is applied in accordance with this tariff.

(N) (B) The SIP Surcharge Percentage shall be expressed as a percentage carried to two (2) decimal places. The SIP Surcharge Percentage shall be applied to the total amount Base Water Revenues billed to each Customer.

(N) (C) The SIP Surcharge Percentage will be calculated as follows:

$$S\% = \frac{(\text{PTR} + \text{DEPRa} + \text{POTXa})}{\text{BWR}} \text{ x } 100\% - \text{SGRC\%} + \text{BA\%}$$

(N) Where:

(N) S% = SIP Surcharge Percentage

(N) PTR = Pre-Tax Return calculated by: (1) multiplying the 13-month average rate base for the SIP Period by the debt and equity components of the total after-tax rate of return as authorized in the most recent water

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 50

(N) general rate case ("GRC"), and (2) then multiplying the resulting debt and equity after-tax return components by their respective gross revenue conversion factors, where the debt component is grossed up for uncollectible expense and the Public Service Commission Assessment Fee, and the equity component is grossed up for the same plus state and federal income taxes. The 13-month average rate base for the SIP Period is calculated as the 13-month average utility plant in-service and accumulated depreciation ("NetUPIS") balances for the SIP Qualified Infrastructure Investments, less the related accumulated deferred income taxes ("ADIT") that have been prorated for the SIP Period.

(N) DEPRa = Depreciation Expense After Gross Up calculated monthly during the SIP Period by: (1) multiplying the prior month's gross UPIS balances for SIP Qualified Infrastructure Investments by annual depreciation rates, divided by 12, as last approved for the respective plant accounts to which the SIP Qualified Infrastructure Investments were recorded, and (2) grossing up for uncollectible expense and the Public Service Commission Assessment Fee.

(N) POTXa = Property Tax Expense After Gross Up calculated by: (1) multiplying the net UPIS balance as of December 31 of the prior year by the effective property tax rate per dollar of net UPIS used to calculate property tax as approved in the most recent water GRC, and (2) grossing up for uncollectible expense and the Public Service Commission Assessment Fee.

(N) BWR = Base Water Revenues

(N) SGRC% = SIP Surcharge Percentage in Base Water Revenues (when applicable)

(N) BA% = Balancing Adjustment Percentage (when applicable) from the most recent Balancing Adjustment calculated by: (1) subtracting actual SIP revenues billed to customers during the recently completed SIP Period from the trued up total revenue requirement for that SIP Period, (2) dividing the resulting over or under recovery for that SIP Period by prorated Base Water Revenues authorized from the most recent GRC, where prorated Base Water Revenues are calculated by dividing the number of days the Balancing Adjustment Percentage will be effective (214 days for service rendered on and after June 1 through December 31) by 365 days, and multiplying by Base Water Revenues authorized from the most recent water GRC, and (3) multiply by 100%.

(N) **EFFECTIVE SIP SURCHARGE PERCENTAGE**

(N) The SIP Surcharge Percentage effective for service rendered on and after January 1, 2027 is:

0.00%

(N)

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

APPENDIX

Form of New Subdivision Extension Deposit Agreement for Off Site Facilities:

THIS AGREEMENT, entered into this _day of _____, _____by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY", and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ Commission has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit "B" for identification, and

WHEREAS, SUBDIVIDER desires the extension of the off site water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit "B" for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from

installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties

and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said off site main(s) and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within the whole of said subdivision, as shown on the plat attached hereto as Exhibit "B", being a total of _____building plots, will not be decreased in the final plats of said subdivision as the same are hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum of _____, for each premises served within said subdivision (as said subdivision is depicted on the plat attached hereto and marked Exhibit "B" for identification) for which a street service connection shall be directly attached to the mains constructed on the site of such subdivision between their original beginning and original termini (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said

ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the _____ County Court five (5) copies of the final plat of said subdivision or units thereof as approved by the _____ Commission.

SEVENTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

EIGHTH: This Agreement shall be valid and binding on COMPANY only when executed by its President.

NINTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

ELEVENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-4

WITNESS: **KENTUCKY AMERICAN WATER**

_____ By: _____
(Director of Engineering)

_____

(Date)

DEPOSITOR(S):

_____

_____

_____

Phone #: _____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-5

(Title/Position)

Form of New Subdivision Extension Deposit Agreement for On Site Facilities:

THIS AGREEMENT, entered into this _____ day of _, 20___, by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY" and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit 'A' for identification, and

WHEREAS, SUBDIVIDER desires the extension of the water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-6

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit 'A' for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other cause beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY, that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____**,** which sum is the presumed cost of installation of said on-site mains and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within said subdivision, as shown on the plat attached hereto as Exhibit "A", being a total of _____ building plots which, according to Section A(2) of Rule 10.3 of COMPANY's Rules and Regulations, is equal to _____ lots, will not be decreased in the final plat of said subdivision as the same is hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER, during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum _____**,** for each premises served within said subdivision (as said subdivision is depicted on Exhibit "A" attached hereto) for which a street service connection shall be directly attached to the main extension herein provided between its original beginning and original terminus (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per

building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: As a material consideration for COMPANY'S agreement to design and construct all or some portion of the main(s) and related facilities, if any, described on Exhibit "A" and in Paragraph FIRST hereof on the basis of a preliminary plat of said subdivision, without withholding or delaying such action until a final plat thereof has been approved by the Planning and Zoning Commission and recorded in the office of the Clerk of the Fayette County Court, SUBDIVIDER represents to COMPANY and covenants with COMPANY that the location and grade of streets, sidewalks, curbs, building plots, building lines and utility easements as depicted on the preliminary plat attached hereto as Exhibit "A" will not be altered or changed in any respect in the final plat of said subdivision, as finally approved by the Lexington-Fayette County Planning and Zoning Commission and as recorded in the office of the Clerk of the Fayette County Court. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision as approved by said Commission or as recorded in the office of said Clerk, whether such changes are made with or without the consent of SUBDIVIDER, or in the event a final plat is not approved or recorded, and in event such alteration, amendment, change, failure of approval or of recording requires, in the sole judgment of COMPANY, the relocation, removal, replacement, reconstruction, change in size or addition to the main(s) and related facilities to be constructed by COMPANY pursuant to the Agreement, SUBDIVIDER will immediately, upon demand from COMPANY, pay to COMPANY the actual cost to COMPANY of making such relocations, removals, replacements, changes in sizes and additions to such main(s) and related facilities, if any, so required in the sole judgment of COMPANY, as a result of such changes in location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements. No part of the sums payable to COMPANY by SUBDIVIDER under the terms and provisions of this Paragraph SIXTH shall be subject to refund to SUBDIVIDER. In event SUBDIVIDER fails to pay to COMPANY such sums as may be demanded by COMPANY under provisions of this Paragraph SIXTH within ten (10) days from such demand, COMPANY shall have the right, in addition to and not in limitation of all other remedies, which right shall be superior to the rights of any intervening assignee or creditor of SUBDIVIDER, to apply refunds coming due under Paragraph FOURTH of the Agreement to the reduction and extinguishment of the debt of SUBDIVIDER to COMPANY under terms of this Paragraph SIXTH.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-8

SEVENTH: By execution of this Agreement, SUBDIVIDER grants unto COMPANY, its successors and assigns, the permanent right and privilege to lay and construct its main(s) and related facilities, if any, on, over and through the lands of SUBDIVIDER at the locations depicted on Exhibit "A" and described in Paragraph FIRST above, together with the right to enter upon the adjacent lands of SUBDIVIDER for the purpose of installing,

construction, repairing, renewing, replacing and inspecting such main(s) and related facilities, if any.

EIGHTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the Clerk of _____ five (5) copies of the final plat of said subdivision as approved by the _____.

NINTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

TENTH: This Agreement shall be valid and binding on COMPANY only when executed by its Director of Engineering.

ELEVENTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TWELFTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

THIRTEENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

WITNESS: *KENTUCKY AMERICAN WATER*

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-9

_____ By: _____
(Director of Engineering)

_____
(Date)

SUBDIVIDER:

_____
_____
_____

Phone #:_____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

_____
(Title/Position)

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. A-10

APPLICATION FOR SPECIAL CONNECTION

Account No.	
Contract No.	
WBS Element No.	

This Application, made in duplicate this _____day of _, 20 _____ _____, by _____, hereinafter called the "APPLICANT", to KENTUCKY AMERICAN WATER, a Kentucky corporation located at 2300 Richmond Road, Lexington, Kentucky, 40502, hereinafter called the 'WATER COMPANY."

The APPLICANT, upon the terms and conditions _____ hereinafter set forth, hereby applies to the WATER COMPANY for a private service, consisting of the right to connect a service pipe to a public water main on _____ in Lexington and attach to said service pipe the following fixtures and openings:

One (1) _____-inch fire service to supply ; one _____-inch service line, post indicator and valve with all related fittings to supply a sprinkler system of approximately _____ sprinkler heads, covering approximately _____ square feet of _____ space;

all of which fixtures and openings to be located within or upon the premise of the APPLICANT abutting the street on which the said main of the WATER COMPANY is located.

In consideration for which privilege the APPLICANT agrees to be bound by all the terms and conditions of this Application and pay the WATER COMPANY for private fire protection service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this Application may be accepted by the WATER COMPANY are as follows:

FIRST: That this Application and the acceptance thereof by the WATER COMPANY may be subject to the prior approval of the fire department having jurisdiction of the premises to be served.

SECOND: That the entire service system on APPLICANT's premises shall be subject to the inspection, test and approval of the WATER COMPANY, and the WATER COMPANY by its representatives, shall have the right to enter the premises of the APPLICANT at any reasonable time for the purpose of making such reasonable inspections as it may deem necessary, and to insure compliance with the terms and conditions of this Application.

THIRD: That all pipes and appurtenances shall be constructed and maintained in good condition by and at the expense of the APPLICANT.

FOURTH: That a fire line meter or detector device, approved by both the WATER COMPANY and the fire underwriters, will be required on the service at a location approved by the WATER COMPANY. Such meter or device shall be installed and maintained by and at the cost and expense of the APPLICANT, but subject to the inspection and approval of the WATER COMPANY. The bypass meter only, used with the detector device, shall be furnished, installed and maintained by the WATER COMPANY at its cost and expense.

FIFTH: That a gate valve with the post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the WATER COMPANY, and shall be furnished, installed and maintained by and at the expense of the APPLICANT, and unless otherwise approved by the WATER COMPANY, said valve shall be installed in a valve pit or vault which shall also be furnished, installed and maintained by and at the expense of the APPLICANT.

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-11

SIXTH: That all hydrants and other fixtures connected to any private fire protection service system shall be kept closed and sealed, and not opened or used except during times of fire or testing. Upon extinguishment of each fire or following each test, the APPLICANT shall immediately close such fixtures and notify the WATER COMPANY so that they may be sealed. Whenever a private fire protection service system is to be tested, the APPLICANT shall notify the WATER COMPANY at least two business days in advance of such proposed test, requesting approval of the method, day and hour on which it is to be made.

SEVENTH: That no antifreeze or any other substance not specifically approved by the Environmental Protection Agency as non-detrimental to the public water supply, shall be introduced into sprinkling systems or into any pipe, fixture, appurtenance or other portion of the APPLICANT's private fire protection service system.

EIGHTH: That the APPLICANT understands and agrees that the extent of the rights of the APPLICANT under this Application is to receive, at times of fire on said premises, such supply of water as shall then be available and no other or greater quantity. The APPLICANT further acknowledges and agrees the WATER COMPANY shall not be considered in any way or manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise, and the WATER COMPANY shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

NINTH: That this Application does not contemplate uses of fixtures other than those shown on Exhibit A. Any waste of water or use of water through this connection for purposes other than testing or the extinguishment of fire, shall be deemed a violation of the terms and conditions of this Application and of the rules, regulations and conditions of service of the WATER COMPANY.

TENTH: That if private fire hydrants are included as part of this Application, they shall be painted any color other than that adopted by the WATER COMPANY for public fire hydrants.

ELEVENTH: That the APPLICANT shall furnish, attach and make a part hereof marked Exhibit A, three (3) complete sets of drawings showing the pipes, pumps, valves, hydrants, sprinkler systems, hose outlets and connections, standpipes, tanks and other openings and appurtenances contemplated in this Application. Such drawings, which shall be stamped "Approved" by the Insurance Services Office or other comparable agency approved by the WATER COMPANY, must also show all other water supply systems and pipelines and appurtenances which are proposed or which may exist on the premises to be served.

TWELFTH: That no pipe, fixture or appurtenance connected with the private fire protection service served by this Application shall be connected with any pipe, fixture or appurtenance supplied with water from any other source, unless specifically approved in writing by the WATER COMPANY.

THIRTEENTH: That the APPLICANT agrees to obtain in writing in advance the approval of the WATER COMPANY for any change, alteration, addition or deletion contemplated in the pipes, fixtures, openings and appurtenances and uses herein specified. Notwithstanding the approval of the WATER COMPANY, APPLICANT agrees that, except for those facilities which the WATER COMPANY had specifically agreed to provide and maintain, APPLICANT is and will be solely responsible for the design, adequacy, function and maintenance of its private fire protection service system referred to in this Application.

FOURTEENTH: That the WATER COMPANY has the right to discontinue or disconnect the service pipe herein applied for, and to terminate service under this Application, after due written notice to the APPLICANT, for failure to pay any bill when due, for failure to supply information to WATER COMPANY about the service system when so requested in writing, for leakage within APPLICANT's system, for violation of any of the terms and conditions of this Application, or for any violation of its rules, regulations and conditions of service; and the WATER COMPANY also has the right to shut off all or any part of its facilities by the WATER COMPANY(1) if a condition dangerous or hazardous to life, physical safety or property exists, (2) upon order by any court, the Public Service Commission or other duly authorized public authority, (3) if fraudulent or unauthorized use of water by APPLICANT is detected, or if the WATER COMPANY's regulating or measuring equipment has been tampered with by the APPLICANT.

FIFTEENTH: That upon acceptance of this Application by the WATER COMPANY and the completion of the installation of the service applied for, this Application shall be in full force and effect as a contract and shall continue as such until cancelled by written notice given thirty (30) days in advance by the APPLICANT to the WATER COMPANY, except as otherwise provided in numbered paragraph (14) above.

SIXTEENTH: The acceptance of this Application by the WATER COMPANY must be executed by its Director of Engineering before same

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. A-12

becomes effective.

SEVENTEENTH: If ownership of the property served by the service applied for herein changes, notice thereof shall be given to the WATER COMPANY within thirty (30) days and the new owner shall be identified by name, address and proper person to contact.

EIGHTEENTH: That the APPLICANT or his agent is responsible for payment of the deposit for the estimated cost of construction to WATER COMPANY. To the extent there is any refund to be made at the end of the project after all costs are accrued, such refund will be paid to the APPLICANT by check made payable to the APPLICANT. To the extent that any amount is owed to WATER COMPANY at the end of the project after all costs are accrued, payment of such amounts is the responsibility of the APPLICANT. To the extent the APPLICANT owes any of the refunded amount to the contractors, APPLICANT agrees it is responsible for these amounts owed and that WATER COMPANY has no responsibility in that regard.

IN WITNESS WHEREOF, the APPLICANT has hereunto signed the day and year:

_____ _____

Witness Signature *Signature and Title of APPLICANT or Duly Authorized Representative*

APPROVED this _____ day of _____, 20 _____.

_____

Witness Signature *Chief of Fire Department*

County/City of _____

WATER COMPANY hereby accepts the foregoing Application this _____ day of _____, 20_____.

_____ _____ _____

Witness Signature *Director of Engineering* *Date*

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 3

Description of Filing Requirement:

Comparison of Present and Proposed Tariffs in comparative form on the same sheet side by side.

Response:

Please see attached.

For electronic version, see KAW_APP03_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet Nos. 1-36, 38-49
Second Sheet No. 37
Cancelling P.S.C KY NO. 10

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

http://www.amwater.com/kyaw

RATES – CHARGES – RULES – REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

BOURBON, CLARK, FAYETTE, FRANKLIN, GALLATIN, GRANT, HARRISON, JACKSON, JESSAMINE, NICHOLAS, OWEN, SCOTT, WOODFORD, AND ROCKCASTLE COUNTIES IN KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED: **February 27, 2026**
EFFECTIVE: **March 31, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
~~Linda C. Bridwell~~
Executive Director
EFFECTIVE
3/31/2026
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet Nos. 1-50
Cancelling P.S.C KY NO. 11

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

http://www.amwater.com/kyaw

RATES – CHARGES – RULES – REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

BOURBON, CLARK, FAYETTE, FRANKLIN, GALLATIN, GRANT, HARRISON, JACKSON, JESSAMINE, NICHOLAS, OWEN, SCOTT, WOODFORD, AND ROCKCASTLE COUNTIES IN KENTUCKY

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED: **May 15, 2026**
EFFECTIVE: **June 14, 2026**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 1

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KENTUCKY-AMERICAN WATER COMPANY RULES AND REGULATIONS FOR WATER SERVICE

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ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

NOTE: An update to the Table of Contents to reflect the addition of Livingston Municipal Water Works is pending in TFS2026-00193.

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 1

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KENTUCKY-AMERICAN WATER COMPANY RULES AND REGULATIONS FOR WATER SERVICE

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ISSUED: **May 15, 2026**
EFFECTIVE: **June 14, 2026**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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ISSUED: **May 15, 2026**
EFFECTIVE: **June 14, 2026**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

1. DEFINITIONS APPLICABLE TO RULES & REGULATIONS

1.1 "Commission" means the Kentucky Public Service Commission.

1.2 "Company" shall mean the Kentucky-American Water Company acting through its officers, managers, or other duly authorized employees or agents.

1.3 "Customer" shall mean any person, firm, corporation, entity or municipality supplied with water service by Kentucky-American Water Company pursuant to these Rules and Regulations.

1.4 "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing developed premises having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.

1.5 "Residential" – Sales to single premise residences, or to multiple premises residences where each premises is served through a single Meter. Sprinkler services added to existing premises coded as residential would also be coded as residential. For premises served through a single Meter with multiple owners, where usage is primary for residential purposes, and the water is billed to a homeowner association such as a condominium complex they will be classified as residential and charged the residential rate.

1.6 "Commercial" – Sales to multiple premises residences served through a single Meter or battery of Meters. This would include two (or more) family houses and apartment houses. Sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations. Sales to business or manufacturing establishments where the water is not used principally in manufacturing or processing functions. This would include commercial offices of public utilities. Examples under this category are: stores, laundries, cleaners, shoe repair and other service establishments, garages and service stations, office buildings, sales offices or manufacturing or processing establishments, retail florists, theaters, bowling alleys, swim clubs, golf courses, manufacturing or processing establishment where water is used principally for sanitary purposes, barber shops. Water used for irrigation for agricultural purposes would normally be coded as commercial. Sprinkler services added to existing premises coded as commercial or industrial would also be coded as commercial.

1.7 "Industrial" – Sales to manufacturing of processing establishments where the water is used principally in manufacturing or processing function. This would include public or private utility plants using water for steam generation, power production, etc.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

1.8 Other Public Authority or "OPA" – Sales to municipal, county, state or federal agencies (other than the sales of water for resale). Examples under this category are: city buildings, public schools, public housing developments, libraries and hospitals, fire stations, county, state and federal buildings and agencies.

1.9 Sales for Resale or "Resale" – Sales to private or public water utilities where the water is to be resold to customers of the utilities.

1.10 "Meter" means a device which measures and records the quantity of water supplied to a Customer.

1.11 "Company Service Line" means that portion of the water service line and appurtenances from the main to the Customer Service Line that is paid for and/or owned by the Company.

1.12 "Customer Service Line" means that portion of the water service line and appurtenances from the Customer's Premises to the Company Service Line, which is paid for and/or owned by the Customer. When the Meter is outside the Premises, the Customer Service Line is from the Meter pit to the Premises. When the Meter is inside the Premises, the Customer Service Line is from the stop box to the Premises.

1.13 "Premises" as contemplated in these Rules, shall mean and include:

1.13.1 A building under one roof and occupied as one business or residence; or

1.13.2 A combination of buildings owned or leased by one party in one common enclosure or a single tract of land not crossed by public streets, roads, or ways, and occupied by one family or business; or

1.13.3 a building owned or leased by one party, having two or more apartments, offices, or suites of offices, and using one or more halls and entrances in common; or

1.13.4 a double house having a solid vertical partition wall or a building erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, and where separate water supply plumbing would not be practicable; or

1.13.5 each residential or business single occupancy unit, served through one street service connection in a building which is not a premise otherwise defined in these Rules.

1.13.6 any other location at which the Company provides metered service to a Customer in

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Approved:

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Linda C. Bridwell
Executive Director
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EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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1.8 Other Public Authority or "OPA" – Sales to municipal, county, state or federal agencies (other than the sales of water for resale). Examples under this category are: city buildings, public schools, public housing developments, libraries and hospitals, fire stations, county, state and federal buildings and agencies.

1.9 Sales for Resale or "Resale" – Sales to private or public water utilities where the water is to be resold to customers of the utilities.

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accordance with these Rules regardless of whether there is a structure or building at that exact location.

1.14 “Fire Service Connection” is one to which is attached fixtures from which water is taken only for the extinguishment of fire.

1.15 "Public Fire Hydrant" - All public fire hydrants contracted for or ordered by Urban County, Municipality, County, State or Federal Agencies or Institutions. These must be located on or immediately adjacent to public right-of-way.

1.16 "Private Fire Hydrant" – All hydrants contracted for or by private entities on private property for the use of that entity or on private right-of-way. Also for public agencies for hydrants not located on public right-of-way.

1.17 “New Private Fire Hydrant Service” is available to areas before such time as a unit of government shall agree to pay public fire protection charges thereon in accordance with Rule 11 herein.

1.18 "Private Fire Service" – All private and public fire protection service lines with hose connections or sprinkler systems charged by line size.

1.19 “Temporary Service Connection” is one which is installed for the temporary use of water, including service to individual mobile homes. Provided: They are located on lots having a curb line abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company extending for at least one-half of the frontage of the lot on said street or highway.

1.20 “Rate” means the Company’s Schedules of Rates and Tariffs then in effect.

1.21 “Rules” or “Rule” means these Company Rules and Regulations applicable to water service.

2. SERVICE & APPLICATIONS

2.1 Rules and Regulations Governing Rendering of Service

(a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of water service and every Customer will be bound thereby. The Rules and Regulations and Service Classifications contained in this tariff apply in the service territory of Kentucky-American

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Water Company.

(b) Except fire and some special connection services, all service will be rendered on a Meter basis. Residential, commercial, industrial and OPA service are only regularly available for single Premises as "Premises" is defined in these Rules.

2.2 Requests for Water Service

(a) All persons, entities, firms, corporations or OPA's desiring water service, must request service from the Company in a manner prescribed by the Company, setting forth all purposes for which water will be used at the Premises for which service is requested. All information provided by the Customer must be true, accurate and kept up to date.

(b) Any change in the identity of the Customer at a Premises will require a new request for water service and the Company may, after reasonable notice, discontinue the water supply until such new request has been made and accepted.

(c) A Customer who has requested service and been accepted by the Company, shall be held liable for all water service furnished to the Premises until such time as the Customer properly notifies the Company to discontinue the service for his/her account at the Premises.

(d) An activation fee will be charged in accordance with the Company's Tariff.

(e) No Customer receiving water service from the Company will be permitted to use water for any other purpose than that for which they shall have requested and the Company shall have approved.

(f) The Company may refuse service to a Customer with an outstanding, unpaid balance due until the Customer pays the balance due.

2.3 Special Arrangements for Water Service

(a) Water for building or construction purposes must be specially applied for.

(b) Connections for private fire service and private fire hydrant service must be specially applied for.

(c) Water for transient or temporary purposes must be specially applied for.

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3. BILLING, ABATEMENTS & REFUNDS

3.1 Abatements and Refunds

Abatement shall be made for leaks in service pipes or fixtures belonging to the Customer in accordance to Tariff.

3.2 Meter Bill Adjustment

(a) Whenever a Meter in service is found upon periodic request or complaint test to be more than two percent (2%) fast, additional tests shall be made at once to determine the average error of the Meter. Said tests shall be made in accordance with the Commission's regulation applicable to the type of Meter involved. Meter testing shall be conducted in accordance with the then-applicable Rules.

(b) Determination of Meter Error for Bill Adjustment Purposes. When upon periodic request or complaint test, a Meter is found to be in error in excess of the limits allowed by the Commission's regulations, three additional tests shall be made; one at 75% of rated maximum capacity; one at 50% of rated maximum capacity; one at 25% of rated maximum capacity. The average Meter error shall be the algebraic average of the errors of the three tests.

(c) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) fast, then the Customer's bill, for the period during which the Meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for comparison purposes in calculating the time period. (See exception in Section (f) of this Rule).

(d) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) slow, then the Customer's bill for the period during which the Meter error is known to have existed, may be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for

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(d) If the result of tests on a Customer's Meter shows an average error greater than two percent (2%) slow, then the Customer's bill for the period during which the Meter error is known to have existed, may be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined with reasonable precision, the time period shall be estimated using the data as elapsed time since the last meter test, if applicable, and historical usage data for the customer. If that data is not available, the average usage of a similar class of customers shall be used for

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comparison purposes in calculating the time period. The Company will limit the period of recovery for under-billing to only the most recent twelve (12) months of under-billing, even if the under-billing occurred for a longer period.

(e) It shall be understood that when a Meter is found to have an error in excess of two percent (2%) fast or slow the figure for calculating the amount of refund or the amount to be collected by the Company shall be that percentage of error as determined by the test; i.e., it is the duty of the Company to maintain the accuracy of its measuring device as nearly one hundred percent (100%) as is commercially practicable. Therefore, percent error shall be that difference between one hundred percent (100%) and that amount of error as indicated by the test.

(f) The burden of maintaining measuring equipment so that it will register accurately is upon the Company; therefore, if Meters are found upon test to register fast and if time for periodic test has overrun to the extent that one-half (1/2) of the time elapsed since the last previous test exceeds twelve (12) months, the refund shall be as specified in Section C of this Rule and in addition thereto, a like refund for those months exceeding the periodic test period; provided, however, that the Commission may relieve the utility from this requirement in any particular case in which it is shown that the failure to make the periodic test was due to causes beyond the utility's control.

3.3 Terms and Conditions of Billing and Payment

(a) All fire service charges shall be payable monthly in arrears.

(b) Bills for water service by Meter will be rendered monthly with ending dates as may be determined by the Company.

(c) Bills for private fire hydrants shall be payable monthly in advance, except that the charges for private fire hydrant service shall be payable as set forth in Rule 11.

(d) Special charges shall be payable upon demand.

(e) All bills for water and service are due and payable when rendered and are considered delinquent if not paid in accordance with Tariff and Commission regulations. Failure to pay will render the Customer subject to disconnection and subject to payment of reconnection in Tariff. If any bill for water service is not paid in accordance with Tariff, the service may be discontinued in accordance with Rule 4, Disconnecting & Reconnecting Service.

(f) Customers are responsible for furnishing the Company with their correct billing

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addresses (email or postal address). Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent.

(g) All bills will be sent to the billing address (email or postal address) provided when requesting water service unless the Company is notified in writing by the Customer of any change of billing address.

(h) The Company will not be bound by bills rendered under mistake of fact as to the quantity of service rendered.

(i) The use of water by the same Customer in different Premises or localities will not be combined.

(j) If for any reason service is discontinued before the expiration of twenty-five (25) days from commencement of service, a bill for a prorated portion of the minimum service charge for the month will be rendered.

(k) Residential Customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers shall pay a fixed monthly amount determined by the Company based on historical or estimated usage. A Customer may enroll in such a plan at any time by contacting the Company. The Company will issue bills so as to bring each customer's account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a Customer fails to pay bills as required under the plan, the Company reserves the right to remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

4. DISCONNECTING AND RECONNECTING SERVICE

4.1 Discontinuance of Water Service

(a) Water service will be discontinued to any Premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, and upon payment of all charges due as provided for in the Rates and Rules of the Company.

(b) The Company shall discontinue the Customer's service for violation of any Rule or for non-payment of bills upon providing the Customer with at least ten (10) days written notice

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delivered by mail or personally delivered to him/her or a member of his/her household, advising the Customer of what Rule had been violated and for which service will be discontinued if violation continues. However, discontinuance of service shall be effected no less than twenty (20) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the Company a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected premises. In that case, discontinuance may not be effected for thirty (30) days beyond the termination date as calculated above. Where fraudulent use of water is detected, or where the Company's regulating or measuring equipment has been tampered with, or where a dangerous condition is found to exist on the Customer's Premises, service may be shut off without advance notice. Subject to the foregoing provisions, service rendered under any application, contract or agreement may be discontinued by the Company for any of the following reasons:

i. For willful or indifferent waste of water due to any cause which adversely affects either water service to other Customers or the Company's utility operation.

ii. For failure to protect from injury or damage the Meter and connections, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer, in a condition satisfactory to the Company.

iii. For interfering or tampering by the Customer, or others with the knowledge of the Customer, with any Meter, connection, service pipe, curb stop, seal or any other appliance of the Company controlling or regulating the Customer's water supply.

iv. For failure to provide the Company's employees free and reasonable access to the Premises or for obstructing the way of ingress to the Meter or other appliance of the Company controlling or regulating the Customer's water supply (with at least fifteen (15) days advance written notice).

v. For non-payment of any account for water supplied, for water service, or for Meter or service maintenance, or for any other fee or charge at the Premise accruing under these Rates and Rules. Discontinuation of service for non-payment on an account shall only be made at the Premise associated with that Account and will not occur for other accounts held by the same Customer that are current in payments unless the Customer has requested multiple accounts or premises be combined for billing purposes.

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v. For non-payment of any account for water supplied, for water service, or for Meter or service maintenance, or for any other fee or charge at the Premise accruing under these Rates and Rules. Discontinuation of service for non-payment on an account shall only be made at the Premise associated with that Account and will not occur for other accounts held by the same Customer that are current in payments unless the Customer has requested multiple accounts or premises be combined for billing purposes.

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EFFECTIVE: **June 14, 2026**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

vi. In case of vacancy of the premises.

vii. For violation of any other Rule or Regulation of the Company or State and Municipal Rules and Regulations applying to the Company's water service.

(c) In cases where plumbing has been installed prior to adoption of and not in accordance with these Rules, and where water is being taken through a single service pipe to supply two or more Premises, the party making application shall be responsible for all water bills and other legitimate charges. Any violation of the Company Rules with reference to either or any of the said Premises or for the supply of water thereto, shall be deemed a violation as to all, and the Company may enforce compliance with these Rules by shutting off the entire service except that such action will not be taken until the innocent Customer who is not in violation of the Company's Rules, has been given a reasonable notice and opportunity to attach his pipes to a separately controlled curb stop, to be provided by and at the expense of the Company.

(d) Discontinuing the supply of water to a Premises for any such reason shall not prevent the

Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.

4.2 Renewal of Water Service After Discontinuance

(a) When water service to a Premises has been terminated for any reason other than temporary vacancy, it will be renewed only after the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon payment of all charges due and payable by the Customer in accordance with the Rates and Rules.

(b) No Customer whose service has been turned off shall turn on same, or have same done by anyone other than the Company.

4.3 Reconnection Charge

When it has been necessary to discontinue water service to any Premises because of a violation of the Rules or on account of non-payment of any bill, a charge will be made to cover the expense as set forth in the Company's Schedule of Rates and Charges. This charge, together with any arrears that may be due the Company for charges against the Customer, must be paid before the water will be reconnected.

5. COMPLAINTS

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

5.1 Customer Complaints

Any complaint against the service or employees of the Company may be made at the office of the Company or by telephone, mail or email. The Company will handle all Complaints in accordance with regulatory requirements.

6. METERS, TESTING AND ACCURACY

6.1 Meters

(a) Water will be sold by Meter measurement only.

(b) All Meters, except private detector devices and/or private service line Meters, will be installed, maintained and replaced by, and at the expense of the Company, but in case of damage to such Meters by reason of any act, neglect or omission on the part of the Customer (such as damages occasioned by accident or misuse or purposeful actions) the Customer shall pay to the Company the cost of its repair on presentation of bill therefore.

(c) The Company reserves the right to determine the kind and size of Meter that shall be placed on any service pipe, and such Meters will be furnished, installed and removed by the Company alone, and shall remain its property.

(d) Each Premise shall be supplied through an independent Meter setting.

(e) If more than one Meter setting is installed upon a Customer's Premise, the usage of all Meters on a Premise may be combined for billing purposes if so requested by the Customer. Combined billing will be continued as long as the Premises criteria is met.

(f) All Meters are accurately tested before installation and are also periodically tested in accordance with the Public Service Commission's regulations. The Company may at any time remove any Meter for periodic tests or for repairs or replacement and may, at its option and expense, test any Meter when the Company has reason to believe that it is registering inaccurately.

(g) The Company shall make any test of any Meter upon written request of the Customer if the request is not made more frequently than once each twelve (12) months. The Customer shall be given the opportunity to be present at the requested test. The Customer may be billed the actual cost of making the test, but should the said Meter be found, upon said test, to be more than two percent incorrect to the prejudice of the Customer, the fee so charged shall be returned to the Customer.

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
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Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

(h) The Company reserves the right to put seals on any water Meter, or on couplings in and for any premises, and may shut off the supply if such seals are found broken or removed.

(i) Once any Meter has been placed, any change in location requested by the Customer will be done by the Company, at the expense of the Customer, if the location is acceptable pursuant to 6.1(k).

(j) Monitoring of Customer usage shall be in compliance with the then-applicable Rules and Regulations. The Company monitors Customer usage on a monthly basis through its collection of usage information. Upon the collection of that information, the Company compares usage for a particular month with a Customer's historical usage. To the extent the current month's usage shows an unusual deviation from historical usage, the Company will notify the Customer and take steps to determine the reason for the unusual deviation.

(k) Meters may be located either in an outdoor Meter box or vault, at the option of the Company. The location of the Meter must be acceptable to the Company and allow for the Meter to be easily examined, tested, repaired, read, removed or replaced. The Meter box or vault shall be located in a convenient and readily accessible location acceptable to the Company. The Meter box or vault must be constructed to protect the Meter from freezing and damage by vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water. After a Meter is installed by the Company, a Customer shall not tamper with, alter, repair or remove the Meter or allow anyone other than the Company to do so. Any plumbing, piping, grading or structural modification which could result in the relocation of the Meter or impact accessibility must first be approved by the Company.

6.2 Accuracy Requirements of Water Meters

(a) General. All meters used for measuring the quantity of water delivered to a customer shall be in good mechanical condition and shall be adequate in size and design for the type of service which they measure.

(b) Determination of Accuracy. No new, rebuilt or repaired meter shall be placed in service if it registers outside the parameters established in the then-applicable Rules and Regulations.

(c) As Found Tests. All meters tested in accordance with the rules for periodic, request or complaint tests, shall be tested in the condition as found in the Customer's service prior to any alteration or adjustment in order to determine the average meter error.

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EFFECTIVE: December 16, 2025

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
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KENTUCKY-AMERICAN WATER COMPANY

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ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

7. PROTECTION OF PUBLIC WATER SYSTEM

7.1 Intercepting and Storage Tanks

(a) Customer Service Lines shall not be connected to the suction side of pumps, unless approved by the Company. Customers who require a large quantity of water within a short period of time must have intercepting or intermediate storage tanks, pump discharge control valves, or other controls approved by the Company.

(b) The inlet connection for the tanks attached directly or indirectly to the Customer Service Line shall discharge at a point no less than two (2) times the diameter of the inlet pipe above the overflow of such tanks and must be approved by the Company.

7.2 Check Valves, Flush Valves and Vacuum Breakers

(a) Customers having boilers or hot water heating systems connected with mains of the Company must have a check valve in the supply pipe to the boilers and hot water heating systems, together with a relief valve at some point between the check valve and heating system. A vacuum valve should be installed, in accordance to applicable plumbing requirements, in the steam line to prevent collapse in case the water supply is interrupted. The Company, however, will not be responsible for accidents or damages resulting from the imperfect action or failure of said valves.

(b) Flush valve or direct flushing closets should not be installed in Premises where the service pipe supplying such Premises is connected to a main two inches or less in diameter. All flush valves shall be equipped with approved type vacuum breakers.

7.3 Plumbing Work Must Be Approved by Company

All plumbing work done in connection with pipe and fixtures connected with the Company's mains shall be submitted for the approval of the Company before such work is covered up. Whenever the Company determines that plumbing work is defective, the Company may require it be corrected before the water will be turned on.

7.4 Cross-Connections

(a) No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided by a testable backflow prevention assembly. Acceptable forms of protection must comply with all applicable state and local requirements and approved by the Company. The required protective device or system shall be provided, installed and maintained by the Customer in good working condition, at the

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Linda C. Bridwell
Executive Director
Linda C. Bridwell
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

SSUED BY: **/s/ Robert Burton**
Robert Burton
President
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sued by authority of an Order of the Public Service
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(b) Flush valve or direct flushing closets should not be installed in Premises where the service pipe supplying such Premises is connected to a main two inches or less in diameter. All flush valves shall be equipped with approved type vacuum breakers.

(T)

7.3 Plumbing Work Must Be Approved by Company and Is Subject to Subsequent Inspection (T)

All plumbing done in connection with pipe and fixtures connected with the Company's mains, (T)
including existing plumbing, shall be subject to inspection by the Company. The Company shall have the (T)
right to inspect plumbing to determine compliance with applicable standards, including the presence of (T)
lead and copper materials, whether before such work is covered up or as part of inspecting existing (T)
facilities. If the Company determines that plumbing work is defective, the Company may require it be (T)
corrected before water is turned on. (T)

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Robert Burton
President
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Customer's expense, and shall be subject to testing and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.

(b) Any cross-connection existing which is in violation of these Rules shall be immediately removed or corrected. Failure of the Customer to do so may result in immediate termination of water service in accordance with Rule 4.

8. RIGHTS AND RESPONSIBILITIES

8.1 Customers Requiring Uninterrupted Supply

(a) The Company will endeavor to give reasonable service but does not guarantee a sufficient or consistent pressure or an absolutely uninterrupted supply of water, and Customers are cautioned to provide sufficient storage of water where an absolutely uninterrupted supply must be assured, such as for steam boilers, domestic hot water systems, gas engines, etc.

(b) Fixtures or devices taking a supply of water directly from the service pipes, depending upon the hydraulic pressure of the pipe system of the Company for supplying same under working pressure, will do so at the risk of the parties making such attachments, as the Company will not be responsible for any accidents or damages to which such fixtures or devices are subject.

8.2 Interruptions in Water Supply

(a) The Company reserves the right at any time to shut off the water in the Mains without notice in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for fire protection or other emergencies whenever the public welfare may so require in accordance with Commission Rules. Notwithstanding any other provision in these Rules or any contract or agreement between the Company and any Customer, when, in the judgment of the Company, sufficient supplies of water are not available to the Company, for any reason, to meet all existing and reasonably anticipated demands for service or to preserve and replenish its storage in amounts sufficient to provide fire protection on its system, the Company shall have the right to restrict, limit, curtail or interrupt water service to or water usage by any Customer or Customers.

(b) The temporary shutting off of water from any Premises for any cause, whether non-payment of bills, leaking pipes, fixtures, etc. shall not cancel a contract for water supply service except at the option of the Company or upon notice from the Customer.

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Robert Burton
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8.3 Liability of Company

(a) The Company shall not in any way or under any circumstances be held liable or responsible to any person or persons for any loss or damage from any excess or deficiency in the pressure, volume, or supply of water, due to any cause whatsoever. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.

(b) The Company will make every effort to maintain a pressure on the distribution system that is required for reasonable service and is compliant with federal and state requirements, but it does not guarantee to furnish at all times any given quantity for fire uses or for general purposes.

(c) The Company shall not be responsible for accidents or damages to boilers, hot water tanks, etc., resulting from the discontinuance of service, nor by reason of the breaking of any main, water pipe, fixture or appliance whether owned by the company or Customer, and no person shall be entitled to damages nor have any portion of a payment refunded for any interruption of service. The Company will exercise every care in this matter, and in the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.

(d) The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. The Company agrees to furnish such supply of water as shall then be available and not other or greater, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

8.4 Meters

No person shall turn the water on or off at any street valve, Company stop, curb stop or other street connection, or at meter setting or meter vault, or disconnect, remove or bypass any meter without the consent of the Company. The Company has the right to prosecute for any damage resulting from any unauthorized tampering with Company property.

8.4 Electrical Ground

No electric wires shall be grounded on the mains of the Company or on any Company Service Lines or pipes or fixtures of any kind which have a metallic connection with the mains of the Company. The Company has the right to prosecute for any damage resulting violation of this Rule.

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(d) The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. The Company agrees to furnish such supply of water as shall then be available and not other or greater, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

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Robert Burton
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8.5 Limitations on Resale of Water

Water furnished to any customer, except for a customer classified as a "Sales for Resale" customer, is for the customer's use only and such water shall not be resold by the customer to any other person, firm, or corporation on the customer's premises or for use on any other premise. This restriction, however, does not preclude a customer from allocating the Company's billing to the customer to any other person, firm, or corporation provided the sum of such allocations does not exceed the Company's billing.

9. CUSTOMER AND COMPANY SERVICE LINES

9.1 Company Service Lines

(a) Subject to Rule 10 on Main extensions and subject to the terms of any applicable Main extension agreement, the Company will install a Company Service Line provided that it is required for the immediate and continuous supply of water in order to furnish general water service, and that the Premise to be served abuts a street, highway or right-of-way in which a Main is located.

(b) The Customer shall install the Customer Service Line to a point approved by an authorized employee of the Company, after which the Company will have the Company Service Line installed from the Main to the Customer Service Line upon payment by the Customer of the tap fee. Where the Company Service Line is already installed, the Customer Service Line shall be connected to the Company Service Line at a point approved by an authorized employee of the Company.

(c) The Company Service Line shall be sized, furnished, installed, owned and maintained only by the Company and shall remain under its sole control. Only the Company may make connections to its Mains. Nothing may be attached to the Company Service Line except a Customer Service Line. The connection to the Company Service Line must be made by an authorized employee or agent of the Company, or a licensed plumber.

9.2 Customer Service Lines

(a) The Company will specify the location of the connection to the Customer Service Line. The Customer Service Line shall be installed, maintained, and/or owned by the Customer, at the Customer's expense and risk. The Customer Service Lines shall be installed in accordance with applicable plumbing requirements.

(b) Each Premise shall be served by no more than one Customer Service Line unless otherwise approved by the Company. Customer Service Lines supplying the Premises shall not pass through or across any other Premises. No water pipes or plumbing in any Premises shall be extended from

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2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

8.5 Limitations on Resale of Water

Water furnished to any customer, except for a customer classified as a "Sales for Resale" customer, is for the customer's use only and such water shall not be resold by the customer to any other person, firm, or corporation on the customer's premises or for use on any other premise. This restriction, however, does not preclude a customer from allocating the Company's billing to the customer to any other person, firm, or corporation provided the sum of such allocations does not exceed the Company's billing.

9. CUSTOMER AND COMPANY SERVICE LINES

9.1 Company Service Lines

(a) Subject to Rule 10 on Main extensions and subject to the terms of any applicable Main extension agreement, the Company will install a Company Service Line provided that it is required for the immediate and continuous supply of water in order to furnish general water service, and that the Premise to be served abuts a street, highway or right-of-way in which a Main is located.

(b) The Customer shall install the Customer Service Line to a point approved by an authorized employee of the Company, after which the Company will have the Company Service Line installed from the Main to the Customer Service Line upon payment by the Customer of the tap fee. Where the Company Service Line is already installed, the Customer Service Line shall be connected to the Company Service Line at a point approved by an authorized employee of the Company.

(c) The Company Service Line shall be sized, furnished, installed, owned and maintained only by the Company and shall remain under its sole control. Only the Company may make connections to its Mains. Nothing may be attached to the Company Service Line except a Customer Service Line. The connection to the Company Service Line must be made by an authorized employee or agent of the Company, or a licensed plumber.

9.2 Customer Service Lines

(a) The Company will specify the location of the connection to the Customer Service Line. The Customer Service Line shall be installed, maintained, and/or owned by the Customer, at the Customer's expense and risk. The Customer Service Lines shall be installed in accordance with applicable plumbing requirements.

(b) Each Premise shall be served by no more than one Customer Service Line unless otherwise approved by the Company. Customer Service Lines supplying the Premises shall not pass through or across any other Premises. No water pipes or plumbing in any Premises shall be extended from

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there to any other Premises.

When a Customer Service Line is relocated at the Customer's request, or when no associated relocation of the Company's Service Lines or other infrastructure is occurring, the Customer shall be responsible for the cost of such relocation. In instances where a Customer Service Line is required to be relocated due to roadway construction or other causes not within Company control, and the Company's Service Lines or other infrastructure is also being relocated, the Customer shall not be responsible for the cost of such relocation unless the Customer requests a specific location different than that specified by the Company.

A Customer's Service Line which is irregularly located because there was no Main abutting the Premises at the time such Customer Service Line was installed shall, at the Customer's expense, be relocated and connected to a new Company Service Line on the Main abutting the Premises when it becomes necessary for such Customer Service Line to be repaired or replaced.

(c) A Customer, occupant, owner, or any agent thereof is not authorized to attach the Customer Service Line to Company property or shut the water line on or off. If a Customer, occupant, owner, or any agent thereof does so, and in making an attachment or in shutting off or turning on water does not properly replace the curb box cap or Meter lid, or damages the curb stop, curb box, copper setter, or other property of the Company, repairs shall be made only by the Company, but at the Customer's expense. If a Customer, occupant, owner, or any agent thereof takes any unauthorized action described therein, the Company shall not be liable for any personal and property damage caused to Customer's property.

(d) The Customer Service Line and all connections and fixtures attached thereto shall be subject to the approval of the Company before water will be turned on. All Premises receiving a supply of water and all Company Service Lines and Meters and appurtenances, including any and all fixtures within the Premises, shall at all reasonable hours be subject to inspection by any duly authorized employee or agent of the Company.

(e) Only an authorized agent of the Company may turn water on and off in the meter box. In case of emergencies, licensed plumbers may turn water on and off if a shut off valve is not available in the Premise and must notify Company within 24 hours of doing so.

10. WATER MAIN EXTENSIONS

10.1 General Main Extensions Rules

(a) In estimating the cost of an extension, the estimate shall be based on the diameter of the pipe to be

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used, provided, however, the estimated cost to the Customer or Customers shall not be based on a pipe diameter in excess of eight (8) inches, unless actual consumption estimated for the proposed Customer or Customers requires a larger pipe.

(b) No interest will be paid by the Company on the Applicant's payment or on any balances not refunded. At the expiration of said ten-year period, the refund account will be closed, and no further refunds will be made.

(c) Extensions made under this Rule shall be and remain the property of the Company.

(d) The Company reserves the right to further extend its water mains from and beyond the end of each Water Main Extension made under this Rule. The Applicant or the Applicant's agent paying for an extension shall not be entitled to any refund for the connecting of Customers to any further extension of mains installed.

(e) In determining the length of main extensions to be installed, the main shall be extended to fully cover the frontage of the property, and if the last lot to be served is a corner lot or a lot immediately adjacent to a corner lot, the terminal point of the extension made hereunder shall be located so that the main laid hereunder ties in with the existing main located in the intersecting street; and further provided that if there is no main located in the intersecting street, the terminal point of the extension made hereunder shall be located at the nearest street line of the intersecting street or to the edge of subdivision property, including common area.

10.2 Main Extensions for Other than in New Subdivisions

(a) For Free Extensions, the Company will, upon written request for Residential service by a prospective Residential Customer or a group of prospective Customers located in the same

neighborhood, make free of charge an extension necessary to give service, when the estimated total revenue, for a period of three (3) years from the prospective Customer or Customers is approximately equal to the cost of the extension; provided that the prospects are that the patronage or demand will be of such permanency as to warrant the capital expenditure involved.

(b) For Extension Above Limit, if the extension required in order to furnish general water service at any point within the corporate limits of the municipality or for any adjacent suburb of the municipality is greater than the cost of the free extension specified herein, such an extension will be made under the following conditions: the Company shall require a deposit of the cost of the extension above the free limit and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end within a period of ten

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(10) years from the making of such extension, refund an amount equal to three times the estimated annual revenue of the new Customer, but at no time shall the aggregate refund made to any Customer exceed the original deposit of such Customer.

(c) The free extension or refund amount shall not be reduced below that applicable to fifty (50) feet of main per Customer. A prospective Customer is one who will connect to such main extension within the refund period after the date the water is turned on in the main; provided further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customer will take water service within the aforementioned refund period.

10.3 Main Extensions for New Subdivision

(a) Definitions

i. The term "new subdivision" as used herein shall mean any new subdivision of residential and/or commercial lots for which a preliminary or final plat has been approved by the local planning and zoning authority, and in which the owner thereof has the right, under the rules of said Authority, to construct streets, sidewalks, curbs and other improvements.

ii. The term "lot" as used herein shall mean any plot of ground laid out for building purposes, the front footage of which does not exceed one hundred feet. Should the frontage of any plot exceed one hundred feet, it shall, for the purposes of this Rule be considered as a single lot, if the average footage of all lots in the subdivision does not exceed one hundred feet. If the average frontage of all lots in the subdivision does exceed one hundred feet, the total number of lots in the subdivision shall be determined by dividing the total frontage of all the lots in the subdivision by one hundred feet.

iii. The term "on site facilities" as used herein shall include only those water mains and related facilities, if any, to be installed by Company and located within the boundaries of the new subdivision or part thereof as said boundaries are depicted on the preliminary (or final, if applicable) plat of such subdivision or part thereof approved by the local planning and zoning authority.

iv. The term "off-site facilities" as used herein shall include all water mains and related facilities, if any, to be installed by Company and located outside of the boundaries of said new subdivision as said boundaries are depicted on

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the preliminary (or final, if applicable) plat of said subdivision as approved by the local planning and zoning authority, in order to deliver an adequate supply of water from existing mains of Company to such new subdivision.

v. The term "current estimated cost" as used herein shall mean that sum determined by Company as the estimated cost of installing one foot of water main, together with that sum determined by Company as the estimated cost of installing each type of appurtenant related facility based upon current materials costs, bids received, and other current project data. Such average cost per foot and such average cost per appurtenant facility shall be deemed to be the "current estimated cost" for such mains and facilities during the twelve month period immediately following such determinations, it being contemplated that the current estimated cost will be revised annually in order to keep same as current as practicable.

(b) Before water lines will be laid hereunder in any new subdivision, it is understood and agreed that the road surface shall be brought to the established sub-grade; and the developer or builder of such new subdivision shall furnish the Company with a right-of-way agreement suitable in form to the Company, unless the streets of the new subdivision have been dedicated to the public use.

(c) When an extension of Company's water distribution system into any new subdivision or part thereof as defined herein is requested by the owner of such subdivision, such extension will be made under the terms of a "New Subdivision Extension Deposit Agreement for Off Site Facilities" as hereinafter set forth in the Appendix, and/or a "New Subdivision Extension Deposit

Agreement for On Site Facilities" as hereinafter set forth in the Appendix, which Agreements shall be entered into upon the following basis:

i. Company shall have the exclusive right to determine the type, location and size of mains to be installed and of the related facilities required to render adequate service.

ii. The owner of the new subdivision may elect to develop it in sections or units and to have main extensions made into such sections or units from time to time as the same are ready for development and may elect further to have the entire subdivision considered as a whole for the purpose of making deposits and receiving refunds for off-site facilities under Company Rule No. 10. In such event, owners shall furnish Company with preliminary or final plats of the unit or units thereof to be initially developed, such plats to be

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approved as hereinafter provided, such plats to be so furnished prior to the making of any extensions into said new Subdivision. As subsequent units of said subdivision are thereafter developed, preliminary or final plats so approved thereof shall be furnished to Company as hereinafter provided. Upon delivery to Company by the owner of such subdivision of four (4) copies of a preliminary or final plat of the subdivision or units thereof, duly approved by the Local planning and zoning authority, which plats shall depict the location and grade of all streets, sidewalks, building plots, building lines and utility easements contained therein, together with evidence of the owner's authority to construct streets, sidewalks, curbs and other improvements therein, Company shall prepare appropriate plans and specifications for the installation of necessary mains and related facilities to render adequate service therein, including where applicable, such off site facilities as deemed necessary and upon delivery to Company by the owner of such subdivision, any other information requested by the Company.

iii. Separate Extension Deposit Agreements, in the form provided in the Appendix, shall be entered into by the owner of the subdivision and Company for off-site facilities and for each separate unit in which on site facilities are requested, provided, moreover, that the ten (10) year refund period applicable in such agreements shall apply separately to each such transaction.

iv. When plans and specifications for installation of such mains and related facilities are completed, Company shall determine the presumed cost of construction and installation of such mains and related facilities which presumed cost shall be the aggregate of (1) the total number of feet of each size and grade of main required in such construction multiplied, respectively by Company's current estimated cost for each such size and grade of main, and (2) the total cost of installation of all related facilities required in such construction as determined by Company's current estimated cost for each of such facilities. In absence of actual cost data upon which to prepare a current estimated cost for any particular required related facility or size and grade of main, the presumed cost thereto shall be the best estimate of Company with respect to the cost of such mains or related facilities based on available information with respect to same. In

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making such determinations of presumed cost of construction, Company shall separately compute the cost of installation and construction of on-site mains and facilities required and the cost of off-site mains and facilities required.

v. When such determination of presumed cost of on-site mains and facilities and presumed cost of off-site mains and facilities required has been completed, the sums to be deposited by the owner of such subdivision with Company under the terms of the "New Subdivision Extension Deposit Agreement for On Site Facilities" and the "New Subdivision Extension Deposit Agreement for Off Site Facilities" if applicable, shall be determined by Company and shall be (1) the total presumed cost of all on site mains and related facilities of the new subdivision or any part thereof to be constructed as determined as herein provided, and (2) (a) the presumed cost of ten (10) feet of off-site mains and facilities multiplied by the total number of building plots shown on and included within the whole of said new subdivision or (2) (b) the presumed cost of all required off site facilities, whichever be the smaller sum. The presumed cost per foot of off-site mains and facilities as used in this computation shall be determined by dividing the total presumed cost of all off site mains and related facilities by the total footage of such off site mains. In the event it is necessary to construct off site mains for a distance in feet greater than ten (10) times the number of building plots included within the whole of said subdivision as depicted on the initial submitted plat thereof, such excess off site extension will not be made under the "New Subdivision Extension Deposit Agreement for Off Site Facilities", but shall be made under an Extension Deposit Agreement as provided in the Appendix of these Rules.

vi. For each Premises served for which a street service connection shall be directly attached to such main extension between its original beginning or original terminus, excluding connections to further extensions or branches thereof, and crediting no more than one such service connection per building plot, Company shall refund to the owner of such subdivision under terms and provisions of New Subdivision Extension Deposit Agreements separately executed each for on-site and off-site improvements, amounts determined as follows:

a. For on-site facilities, the quotient obtained by dividing the total presumed cost of all on site mains and related facilities, determined as provided in Section (c) vi above for that part of the new subdivision then to be developed, by the total number of lots,

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v. When such determination of presumed cost of on-site mains and facilities and presumed cost of off-site mains and facilities required has been completed, the sums to be deposited by the owner of such subdivision with Company under the terms of the "New Subdivision Extension Deposit Agreement for On Site Facilities" and the "New Subdivision Extension Deposit Agreement for Off Site Facilities" if applicable, shall be determined by Company and shall be (1) the total presumed cost of all on site mains and related facilities of the new subdivision or any part thereof to be constructed as determined as herein provided, and (2) (a) the presumed cost of ten (10) feet of off-site mains and facilities multiplied by the total number of building plots shown on and included within the whole of said new subdivision or (2) (b) the presumed cost of all required off site facilities, whichever be the smaller sum. The presumed cost per foot of off-site mains and facilities as used in this computation shall be determined by dividing the total presumed cost of all off site mains and related facilities by the total footage of such off site mains. In the event it is necessary to construct off site mains for a distance in feet greater than ten (10) times the number of building plots included within the whole of said subdivision as depicted on the initial submitted plat thereof, such excess off site extension will not be made under the "New Subdivision Extension Deposit Agreement for Off Site Facilities", but shall be made under an Extension Deposit Agreement as provided in the Appendix of these Rules.

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determined as provided in Section (a) ii herein, which will be served by the on-site facilities then to be developed and as shown on the preliminary or final plat of the part of the subdivision to be developed.

b. For off-site facilities, the quotient obtained by dividing the deposit for off-site facilities, determined as provided in Section (c) iv above, by the total number of building plots shown on and included within the whole of said subdivision and shown on the preliminary or final plat of the whole subdivision delivered to Company as provided in Section (c) ii above.

vii. The owner of such subdivision, in consideration of an accelerated development of said subdivision to be obtained through Company's proceeding, on the basis of a preliminary plat, with its plans and specifications, and, at Company's option, with construction of its mains and facilities, shall, as a part of the New Subdivision Extension Deposit Agreements for both Off Site and On Site Facilities, warrant to Company that the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements as depicted on said preliminary plat will not be altered or changed in any respect in the final plat of said subdivision or part thereof, as finally approved by the local planning and zoning authority and recorded in the Office of the County Clerk. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision or part thereof as approved by said Authority or as recorded in the office of said Clerk, whether such changes are made with or without the consent of said subdivider, and in the event such alteration, amendment or change requires, in the sole judgment of Company, the relocation, removal, replacement, reconstruction, change in site or additions to the mains and related facilities, the subdivider shall indemnify and hold harmless Company of and from any and all damages and costs of such removal, replacement, relocation, reconstruction and any all other expenses or costs relating to Company because of the change of location or grade of streets, curbs, sidewalks, lots, building lines or utility easements in said subdivision or part thereof.

(d) Company shall, upon written request of any owner of a new subdivision, with who a contract has

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

determined as provided in Section (a) ii herein, which will be served by the on-site facilities then to be developed and as shown on the preliminary or final plat of the part of the subdivision to be developed.

b. For off-site facilities, the quotient obtained by dividing the deposit for off-site facilities, determined as provided in Section (c) iv above, by the total number of building plots shown on and included within the whole of said subdivision and shown on the preliminary or final plat of the whole subdivision delivered to Company as provided in Section (c) ii above.

vii. The owner of such subdivision, in consideration of an accelerated development of said subdivision to be obtained through Company's proceeding, on the basis of a preliminary plat, with its plans and specifications, and, at Company's option, with construction of its mains and facilities, shall, as a part of the New Subdivision Extension Deposit Agreements for both Off Site and On Site Facilities, warrant to Company that the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements as depicted on said preliminary plat will not be altered or changed in any respect in the final plat of said subdivision or part thereof, as finally approved by the local planning and zoning authority and recorded in the Office of the County Clerk. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision or part thereof as approved by said Authority or as recorded in the office of said Clerk, whether such changes are made with or without the consent of said subdivider, and in the event such alteration, amendment or change requires, in the sole judgment of Company, the relocation, removal, replacement, reconstruction, change in site or additions to the mains and related facilities, the subdivider shall indemnify and hold harmless Company of and from any and all damages and costs of such removal, replacement, relocation, reconstruction and any all other expenses or costs relating to Company because of the change of location or grade of streets, curbs, sidewalks, lots, building lines or utility easements in said subdivision or part thereof.

(d) Company shall, upon written request of any owner of a new subdivision, with who a contract has been entered into under these Rules, made within thirty (30) days after effective date of these Rules,

ISSUED: May 15, 2026
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Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

been entered into under these Rules, made within thirty (30) days after effective date of these Rules, re-execute such agreements under terms of these Rules.

11. PUBLIC AND PRIVATE FIRE SERVICE

11.1 Application for Private Fire Service

(a) The extent of the rights of the Customer for private fire service is to receive, but only at times of fire at the Premises served by the private fire service, such supply of water as shall then be available. The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fires, or to protect any persons or property against loss or damage by fire, or otherwise, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water failure to supply water or pressure, or for any other cause whatsoever.

(b) The applicant or its agent shall complete an "Application for Special Connection," which is available at the Company's offices. Service connections for water to be taken for the extinguishment of fire shall be made only upon the terms as provided for in the "Application for Special Connection," and then only after such application has been submitted by the Customer and approved in writing by the Company and the applicable Fire Department.

(c) A gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Company, and said valve and post indicator shall be furnished, installed and maintained by the Company at the expense of the Customer, and unless otherwise approved by the Company, said valve shall be installed which shall be furnished, installed and maintained by and at the expense of the Customer.

(d) The Company will make the connection to its mains at the cost and expense of the Customer, and the service connection from the main to the post indicator valve as described in Section 11.1 (c) will be furnished, installed, owned and maintained by the Company and at the cost and expense of the Customer.

(e) The entire private fire service system on the Customer's premises shall be installed by and at the expense of the Customer and shall be subject to the inspection, test and approval of the Company before the service is made effective, and at such time thereafter as may be deemed necessary by the Company.

(f) A private fire service connection is furnished for the sole purpose of supplying water for the testing of the system and the extinguishment of fires, and the use of water from such a connection for any other purpose is absolutely forbidden.

(g) Private fire protection service may at any time be furnished at the option of the Company through a line

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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Approved:

KENTUCKY
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re-execute such agreements under terms of these Rules.

11. PUBLIC AND PRIVATE FIRE SERVICE

11.1 Application for Private Fire Service

(a) The extent of the rights of the Customer for private fire service is to receive, but only at times of fire at the Premises served by the private fire service, such supply of water as shall then be available. The Company shall not be considered in any manner an insurer of property or persons, or to have undertaken to extinguish fires, or to protect any persons or property against loss or damage by fire, or otherwise, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water failure to supply water or pressure, or for any other cause whatsoever.

(b) The applicant or its agent shall complete an "Application for Special Connection," which is available at the Company's offices. Service connections for water to be taken for the extinguishment of fire shall be made only upon the terms as provided for in the "Application for Special Connection," and then only after such application has been submitted by the Customer and approved in writing by the Company and the applicable Fire Department.

(c) A gate valve with post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the Company, and said valve and post indicator shall be furnished, installed and maintained by the Company at the expense of the Customer, and unless otherwise approved by the Company, said valve shall be installed which shall be furnished, installed and maintained by and at the expense of the Customer.

(d) The Company will make the connection to its mains at the cost and expense of the Customer, and the service connection from the main to the post indicator valve as described in Section 11.1 (c) will be furnished, installed, owned and maintained by the Company and at the cost and expense of the Customer.

(e) The entire private fire service system on the Customer's premises shall be installed by and at the expense of the Customer and shall be subject to the inspection, test and approval of the Company before the service is made effective, and at such time thereafter as may be deemed necessary by the Company.

(f) A private fire service connection is furnished for the sole purpose of supplying water for the testing of the system and the extinguishment of fires, and the use of water from such a connection for any other purpose is absolutely forbidden.

(g) Private fire protection service may at any time be furnished at the option of the Company through a line

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Robert Burton
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guarded by an approved fire line meter or detector device which shall be furnished and installed by the Company at the expense of the Customer. The meter shall be set in an approved vault or chamber, properly drained and protected, located at a point as near as possible to the curb line, and said vault or chamber shall be constructed and maintained by the Company at the expense of the Customer. The private fire meter or private detector device will be maintained by the Company, but at the expense of the Customer.

(h) Hydrants and other fixtures connected with a private fire service connection may be sealed by the Company, and such seals shall be broken only in case of fire or as specially permitted by the Company, and the Customer must immediately notify the Company of the breaking of any such seal.

(i) No pipe or fixtures connected with a private fire service connection served by the Company shall be connected with pipes or fixtures supplied with water from any other source. An industry approved backflow prevention device reviewed by the Company must be installed on private fire service connections and such device must be tested annually thereafter.

(j) The entire private fire service connection and all parts of it which are located outside of the property line of the Customer and any meter or other indicating or controlling device and all parts and appurtenances thereof no matter where located shall be accessible and available in a safe manner to the Company at all times.

(k) The Company shall determine the size and location of any connections made to its mains for private fire service.

(l) The Customer shall furnish an accurate sketch or drawing showing the pipes, valves, hydrants, connections and appurtenances on the premises of the Customer and connected with the mains of the Company and also an accurate sketch of any other water pipe system and fixtures that may exist on the premises.

(m) Whenever a fire service system is to be tested under the regulations of the fire insurance underwriters, the Customer shall notify the Company of such proposed test, naming the day and hour when same is to be made, so that, if desired, the Company may have an inspector present during the test.

(n) All applications for private fire protection shall be subject to the written approval of the applicable Fire Department. It is the Customer's responsibility to obtain this approval.

(o) All subsequent owners of the property containing private fire service, assume all responsibilities under the original Application for Special Connection.

11.2 Terms and Conditions for New Private Fire Hydrant Service

(a) Applicants and Customers subject to this tariff are also subject to Rule 11.1(a), (b), and (f), which are

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Approved:

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PUBLIC SERVICE COMMISSION
Linda C. Bridwell
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PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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guarded by an approved fire line meter or detector device which shall be furnished and installed by the Company at the expense of the Customer. The meter shall be set in an approved vault or chamber, properly drained and protected, located at a point as near as possible to the curb line, and said vault or chamber shall be constructed and maintained by the Company at the expense of the Customer. The private fire meter or private detector device will be maintained by the Company, but at the expense of the Customer.

(h) Hydrants and other fixtures connected with a private fire service connection may be sealed by the Company, and such seals shall be broken only in case of fire or as specially permitted by the Company, and the Customer must immediately notify the Company of the breaking of any such seal.

(i) No pipe or fixtures connected with a private fire service connection served by the Company shall be connected with pipes or fixtures supplied with water from any other source. An industry approved backflow prevention device reviewed by the Company must be installed on private fire service connections and such device must be tested annually thereafter.

(j) The entire private fire service connection and all parts of it which are located outside of the property line of the Customer and any meter or other indicating or controlling device and all parts and appurtenances thereof no matter where located shall be accessible and available in a safe manner to the Company at all times.

(k) The Company shall determine the size and location of any connections made to its mains for private fire service.

(l) The Customer shall furnish an accurate sketch or drawing showing the pipes, valves, hydrants, connections and appurtenances on the premises of the Customer and connected with the mains of the Company and also an accurate sketch of any other water pipe system and fixtures that may exist on the premises.

(m) Whenever a fire service system is to be tested under the regulations of the fire insurance underwriters, the Customer shall notify the Company of such proposed test, naming the day and hour when same is to be made, so that, if desired, the Company may have an inspector present during the test.

(n) All applications for private fire protection shall be subject to the written approval of the applicable Fire Department. It is the Customer's responsibility to obtain this approval.

(o) All subsequent owners of the property containing private fire service, assume all responsibilities under the original Application for Special Connection.

11.2 Terms and Conditions for New Private Fire Hydrant Service

(a) Applicants and Customers subject to this tariff are also subject to Rule 11.1(a), (b), and (f), which are incorporated by reference as if set forth herein.

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ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

incorporated by reference as if set forth herein.

(b) The entire cost for labor, materials and other expenses incurred in installing the private fire hydrant connection, consisting of tapping the main and installing the hydrant branch and hydrant at a convenient point between the curb and property line, will be paid by the Applicant and any work done by the Company in connection therewith will be at the expense and risk of the Applicant.

(c) Advance payment of three years' private service rate in Service Classification No. 4 for each private fire hydrant by the applicant will be required at the time the contract is signed for private fire hydrant service.

(d) Water used for extinguishing fires will not be charged. Prompt notice of hydrant use is to be given to the Company in order that the installation may be inspected.

(e) Except for hydrants owned by private entities as set forth in their contract with the Company, title to the service connection and hydrant shall, upon completion of construction, become vested in the Company, which thereafter shall assume responsibility for maintenance. Regardless of ownership, all parts and appurtenances shall be accessible and available to the Company at all times.

(f) No private fire hydrant will be installed at a location where the normal flow from the hydrant is less than 500 gallons per minute with a 20 pounds per square inch residual pressure in the main serving the hydrant.

(g) After expiration of the initial three-year advance payment of the private service rate by the applicant, the applicant will continue to be responsible for charges for this service. The applicant may request the Company's consent to transfer responsibility for the private service rate to an entity in good standing in the state in which the entity was organized. Any such request must be approved by the applicant, the entity to which the responsibility is being transferred, and the Company in order to be effective.

(h) Failure to pay the private service rate shall be sufficient cause for discontinuance of water service after reasonable notice by the Company.

(i) The private service rate shall continue in effect until such time as a unit of government shall agree to pay public fire protection charges thereon.

11.3 Public Fire Hydrants

(a) No person, except for the legitimate purpose of extinguishing fires or for other purposes herein provided, shall open any fire hydrant without the consent of the Company.

(b) During freezing weather, the City or County shall notify the Company after it has opened any hydrant.

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

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Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(b) The entire cost for labor, materials and other expenses incurred in installing the private fire hydrant connection, consisting of tapping the main and installing the hydrant branch and hydrant at a convenient point between the curb and property line, will be paid by the Applicant and any work done by the Company in connection therewith will be at the expense and risk of the Applicant.

(T)

(c) At the Company's discretion, advance payment of three years' private service rate in Service Classification No. 4 for each private fire hydrant by the applicant will be required at the time the contract is signed for private fire hydrant service.

(d) Water used for extinguishing fires will not be charged. Prompt notice of hydrant use is to be given to the Company in order that the installation may be inspected.

(e) Except for hydrants owned by private entities as set forth in their contract with the Company, title to the service connection and hydrant shall, upon completion of construction, become vested in the Company, which thereafter shall assume responsibility for maintenance. Regardless of ownership, all parts and appurtenances shall be accessible and available to the Company at all times.

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

(c) Any expenses for repairs caused by the negligence of the employees of the municipality or by members of the fire department shall be paid for by the municipality.

(d) The use of fire hydrants will be restricted to the taking of water for the extinguishing of fires, and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers or gutters or for any other use, unless specifically permitted by the Company for the particular time and occasion.

(e) Inspections and tests of public fire hydrants will be made by the Company at convenient times and reasonable intervals.

(f) Whenever a change in location, size or type of a fire hydrant is ordered, requested, or made necessary due to change in line or grade of any roadway, curb or walk, said change will be made by the Company at the expense of the municipality or other party ordering, requesting, or making necessary such change.

(g) In the event that the City or County shall order in writing the installation of additional fire hydrants on existing mains having an internal diameter of six inches or larger, the Company will install such hydrants at its own cost and expense, provided that such mains are of adequate capacity to provide the required fire flows.

(h) Where pipe line installations are required to carry out a written order of the City or County to install fire hydrants, or where existing mains, in the opinion of the Company, are inadequate to provide required fire flows to such hydrants, and the City or County orders in writing the installation of a water main of adequate size to provide such flows to the hydrant or hydrants so ordered, the Company will install such mains and hydrants at its own cost and expense, provided that the estimated cost of the extension does not exceed the estimated total revenue for a period of three (3) years from such hydrant or hydrants and from prospective Customers who will connect to such main within thirty (30) days after the date that water is turned into the main; and provided, further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customers will take water service at their premises within thirty (30) days after the date that water is turned into the main. If the estimated cost of the proposed extension and hydrants required in order to furnish fire service exceeds three (3) times the Company's estimate of immediate annual revenue, such extensions will be made under the following conditions: the Company may require a deposit in the amount by which the cost of the extension, including the cost of hydrants which might be connected thereto, exceeds three (3) times the annual revenue estimated to be received from the hydrant and prospective Customers and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end with a period of ten (10) years from the making of such extension, refund an amount equal to three (3) times the estimated revenue of the new Customer, but at no time shall the aggregate refund made exceed the original deposit.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(c) Any expenses for repairs caused by the negligence of the employees of the municipality or by members of the fire department shall be paid for by the municipality.

(d) The use of fire hydrants will be restricted to the taking of water for the extinguishing of fires, and water shall not be taken from any fire hydrant for construction purposes, sprinkling streets, flushing trenches, sewers or gutters or for any other use, unless specifically permitted by the Company for the particular time and occasion.

(e) Inspections and tests of public fire hydrants will be made by the Company at convenient times and reasonable intervals.

(f) Whenever a change in location, size or type of a fire hydrant is ordered, requested, or made necessary due to change in line or grade of any roadway, curb or walk, said change will be made by the Company at the expense of the municipality or other party ordering, requesting, or making necessary such change.

(g) In the event that the City or County shall order in writing the installation of additional fire hydrants on existing mains having an internal diameter of six inches or larger, the Company will install such hydrants at its own cost and expense, provided that such mains are of adequate capacity to provide the required fire flows.

(h) Where pipe line installations are required to carry out a written order of the City or County to install fire hydrants, or where existing mains, in the opinion of the Company, are inadequate to provide required fire flows to such hydrants, and the City or County orders in writing the installation of a water main of adequate size to provide such flows to the hydrant or hydrants so ordered, the Company will install such mains and hydrants at its own cost and expense, provided that the estimated cost of the extension does not exceed the estimated total revenue for a period of three (3) years from such hydrant or hydrants and from prospective Customers who will connect to such main within thirty (30) days after the date that water is turned into the main; and provided, further, that there is delivered to the Company a written guarantee by a financially responsible person or firm that such prospective Customers will take water service at their premises within thirty (30) days after the date that water is turned into the main. If the estimated cost of the proposed extension and hydrants required in order to furnish fire service exceeds three (3) times the Company's estimate of immediate annual revenue, such extensions will be made under the following conditions: the Company may require a deposit in the amount by which the cost of the extension, including the cost of hydrants which might be connected thereto, exceeds three (3) times the annual revenue estimated to be received from the hydrant and prospective Customers and will, in such case, for each additional Customer directly connected to the extension between its original beginning and original end with a period of ten (10) years from the making of such extension, refund an amount equal to three (3) times the estimated revenue of the new Customer, but at no time shall the aggregate refund made exceed the original deposit.

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ISSUED BY: **/s/ Robert Burton**
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KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 10**
First Revised Sheet No. 29

12. SERVICE CLASSIFICATIONS AND TARIFFS/RATES/FEES

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered service.

Meter Rates
The following shall be the rates for consumption, in addition to the service charges provided for herein;

	Customer Category	Rate Per 1,000 Gallons All consumption	Rate Per 100 Gallons All Consumption	Rate Per Gallon All Consumption
(I)	Residential	$7.8656	$0.78656	$0.0078656
(I)	Commercial	8.0066	0.80066	0.0080066
(I)	Industrial	7.0849	0.70849	0.0070849
(I)	Municipal & Other Public Authority	8.0347	0.80347	0.0080347
(I)	Sales for Resale	8.3091	0.83091	0.0083091

Service Charges
All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

	Size of Meter	All Classes Service Charge Per Month
(I)	5/8”	$ 19.89
(I)	3 /4	29.75
(I)	1”	49.45
(I)	1-1 /2”	98.95
(I)	2”	158.40
(I)	3”	296.85
(I)	4”	494.85
(I)	6”	989.40
(I)	8”	1,583.05

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Approved:

KENTUCKY
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Executive Director
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EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
First Revised Sheet No. 29

12. SERVICE CLASSIFICATIONS AND TARIFFS/RATES/FEES

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 1

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for Residential, Commercial, Industrial, Sales for Resale, Municipal and All Other Public Authority metered service.

Meter Rates
The following shall be the rates for consumption, in addition to the service charges provided for herein;

	Customer Category	Rate Per 1,000 Gallons All consumption	Rate Per 100 Gallons All Consumption	Rate Per Gallon All Consumption
(I)	Residential	$9.4547	$0.94547	$0.0094547
(I)	Commercial	9.6242	0.96242	0.0096242
(I)	Industrial	8.5162	0.85162	0.0085162
(R)	Municipal & Other Public Authority	7.8881	0.78881	0.0078881
(I)	Sales for Resale	8.7371	0.87371	0.0087371

Service Charges
All metered general water service customers shall pay a service charge based on the size of meter installed. The service charge will not entitle the customer to any water.

	Size of Meter	All Classes Service Charge Per Month
(I)	5/8”	$ 21.70
(I)	3 /4	32.50
(I)	1”	53.90
(I)	1-1 /2”	108.00
(I)	2”	172.80
(I)	3”	323.90
(I)	4”	539.30
(I)	6”	1,079.40
(I)	8”	1,727.10

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Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 30

RESERVED FOR FUTURE USE

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
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KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 30

RESERVED FOR FUTURE USE

ISSUED: May 15, 2026
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Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY AMERICAN WATER COMPANY P.S.C. KY NO. 11
Original Sheet No. 30.1

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 2.1 (N) (N)

Applicability (N) (N)
Applicable to all customers previously served by Livingston Municipal Water Works.

Meter Rates (N) (N)
The following shall be the rates for consumption:

Inside City Limits		(N)
First 2,000 gallons	$29.74 minimum bill	(N)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(N)
Outside City Limits		(N)
First 2,000 gallons	$31.42 minimum bill	(N)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(N)

NOTE: The Commission approved the acquisition of Livingston Municipal Water Works in Case No. 2026-00066. The tariff sheet with the Livingston rates is under review by the Commission, in TFS2026-00193.

Sheet No. 30.1 has been included for completeness to demonstrate the proposed change to this Service Classification in this rate proceeding.

ISSUED: May 4, 2026 **Approved:**
EFFECTIVE: April 15, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY AMERICAN WATER COMPANY P.S.C. KY NO. 12
Original Sheet No. 30.1

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 2.1 (D) (D)

Applicability (D) (D)
Applicable to all customers previously served by Livingston Municipal Water Works.

Meter Rates (D) (D)
The following shall be the rates for consumption:

Inside City Limits		(D)
First 2,000 gallons	$29.74 minimum bill	(D)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(D)
Outside City Limits		(D)
First 2,000 gallons	$31.42 minimum bill	(D)
2,001 to 999,999 gallons	$11.11 per 1,000 gallons	(D)

NOTE: The Commission approved the acquisition of Livingston Municipal Water Works in Case No. 2026-00066. The tariff sheet with the Livingston rates is under review by the Commission, along with the Table of Contents that reflects the addition.

KAW explained in Case No. 2026-00066 that it would propose moving the former Livingston customers to KAW's unified rates in its next rate case. The (D) tariff notations reflect that proposal in this case, along with proposing deletion of this sheet on Sheet No. 1 in the Table of Contents.

ISSUED: May 15, 2026 **Approved:**
EFFECTIVE: June 14, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 3

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates

	Size of Service	Rate Per Month	Rate Per Annum
(I)	2" Diameter	$ 14.00	$ 168.00
(I)	4" Diameter	56.00	672.00
(I)	6" Diameter	125.55	1,506.60
(I)	8" Diameter	223.00	2,676.00
(I)	10" Diameter	348.25	4,179.00
(I)	12" Diameter	521.25	6,255.00
(I)	14" Diameter	502.00	6,024.00
(I)	16" Diameter	891.50	10,698.00

Special Provisions
No charge shall be made for water used in extinguishing accidental fires or for Underwriters' tests, and water shall not be drawn from a private fire service connection for any other purpose.

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed in Service Classification No. 1 shall also be charged.

The charges under this provision are in addition to any general water service charges.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 3

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates

Size of Service	Rate Per Month	Rate Per Annum
2" Diameter	$ 14.00	$ 168.00
4" Diameter	56.00	672.00
6" Diameter	125.55	1,506.60
8" Diameter	223.00	2,676.00
10" Diameter	348.25	4,179.00
12" Diameter	521.25	6,255.00
14" Diameter	502.00	6,024.00
16" Diameter	891.50	10,698.00

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The charges under this provision are in addition to any general water service charges.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

TAPPING FEES

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service

Available for residential, commercial, industrial, other public authority and sales for resale customers.

Tapping (Connection) Fees

Size of Meter Connected

5/8-Inch	$1,223.00
1-Inch	2,174.00
2-Inch	4,002.00
Service larger than 2”	Actual Cost

For services greater than 2”, a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

TAPPING FEES

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service

Available for residential, commercial, industrial, other public authority and sales for resale customers.

Tapping (Connection) Fees

Size of Meter Connected

5/8-Inch	$1,223.00
1-Inch	2,174.00
2-Inch	4,002.00
Service larger than 2”	Actual Cost

For services greater than 2”, a cost-adjustable deposit is required upon application. The tapping fee will be required upon application for all services installed on or after the effective date of this tariff, except in cases where a complete application for service (including plumbing inspection) is on file with the Company prior to the effective date of this tariff.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 4

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates for Public Fire Service

		Rate Per Month	Rate per Annum
(I)	For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Governmental Agencies or Institutions.	$75.00	$900.00

Rates for Private Service

(I)	For each private fire hydrant contracted for by Industries or Private Institutions.	$120.00	$1,440.00

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition, to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed In Service Classification No. 1 shall also be charged.
The charges under this provision are in addition to any general water service charges.

Special Provisions
A few hydrants are connected to mains by a "special connection." A "special connection" exists when a customer and the Company entered into a service contract in which the customer agreed to maintain an unmetered water line from a Company main to the customer's service line. If the Company has reason to believe water from a special connection is being used for purposes other than fire protection, including that the connection or line is leaking, the Company may install a meter and charge for usage under this tariff. The Company may require the customer to pay for the meter and its installation if:

(1) the Company gives the customer written notice of the usage problem, requests that the customer correct the problem, and informs the customer that failure to correct the problem within 90 days could

ISSUED: January 5, 2026 **Approved:**
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 4

Applicable
Applicable to the entire Service Territory of Kentucky-American Water Company unless otherwise noted.

Availability of Service
Available for municipal or private fire connections used exclusively for fire protection purposes.

Rates for Public Fire Service

		Rate Per Month	Rate per Annum
(R)	For each public fire hydrant contracted for or ordered by Urban County, County, State or Federal Governmental Agencies or Institutions.	$11.53	$138.36

Rates for Private Service

	For each private fire hydrant contracted for by Industries or Private Institutions.	$120.00	$1,440.00

Fire service connections are furnished for the sole purpose of supplying water for the extinguishment of fires. If the Company has reason to believe water is being used for other purposes, including that the connection or line is leaking, the Company may install a meter to monitor usage, and, in addition, to the rates for fire protection listed above, all usage shall be billed at the Commercial rate in Service Classification No. 1. The applicable Service Charge listed In Service Classification No. 1 shall also be charged.
The charges under this provision are in addition to any general water service charges.

Special Provisions
A few hydrants are connected to mains by a "special connection." A "special connection" exists when a customer and the Company entered into a service contract in which the customer agreed to maintain an unmetered water line from a Company main to the customer's service line. If the Company has reason to believe water from a special connection is being used for purposes other than fire protection, including that the connection or line is leaking, the Company may install a meter and charge for usage under this tariff. The Company may require the customer to pay for the meter and its installation if:

(1) the Company gives the customer written notice of the usage problem, requests that the customer correct the problem, and informs the customer that failure to correct the problem within 90 days could

ISSUED: May 15, 2026 **Approved:**
EFFECTIVE: June 14, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 34

result in liability of the customer for the cost of installing a meter to monitor usage, (2) the customer does not substantially correct the problem within 90 days of the written notice, and, (3) the Company thereafter gives three business days' notice, which shall include a cost estimate, that it will install the meter at the customer's expense.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 34

result in liability of the customer for the cost of installing a meter to monitor usage, (2) the customer does not substantially correct the problem within 90 days of the written notice, and, (3) the Company thereafter gives three business days' notice, which shall include a cost estimate, that it will install the meter at the customer's expense.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 35

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 5

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Water Used for Construction, Street Washing, Pool Filling, and Similar Purposes.

Rates

Where a meter is installed on a fire hydrant or on a temporary service connection for construction, street washing, pool filling, and similar purposes, the minimum payment for water shall be the monthly service charge for general water service, payable in advance based upon the size of the meter installed. If more than one fire hydrant or temporary service connection is used, the service charge is to apply to each such hydrant or temporary service connection so used.

The Company may require an application to be signed and either the service charge paid in advance or, at the option of the Company, a meter deposit made, and the account handled in the same manner as any other metered account. This service charge will not entitle the Customer to any water and all water used shall be billed at the meter rate schedule. In addition to such charges the Customer shall pay all reasonable costs incurred in connection with the installation and removal of the meter.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 35

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 5

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Water Used for Construction, Street Washing, Pool Filling, and Similar Purposes.

Rates

Where a meter is installed on a fire hydrant or on a temporary service connection for construction, street washing, pool filling, and similar purposes, the minimum payment for water shall be the monthly service charge for general water service, payable in advance based upon the size of the meter installed. If more than one fire hydrant or temporary service connection is used, the service charge is to apply to each such hydrant or temporary service connection so used.

The Company may require an application to be signed and either the service charge paid in advance or, at the option of the Company, a meter deposit made, and the account handled in the same manner as any other metered account. This service charge will not entitle the Customer to any water and all water used shall be billed at the meter rate schedule. In addition to such charges the Customer shall pay all reasonable costs incurred in connection with the installation and removal of the meter.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY P.S.C. KY NO. 11
Original Sheet No. 36

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6
BILLING OF LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES INCLUDING SCHOOL TAX

Applicable

Applicable to all customers in the Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, fee or other similar fee, charge or tax now or hereafter imposed upon the Company by local taxing authorities or the Kentucky River Authority, whether imposed by ordinance, franchise, statute or otherwise, and which fee, tax or charge is based upon Kentucky River water usage or a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer. Where more than one such charge, fee or tax is imposed, the total of such charges, fees or taxes applicable to a Customer may be billed to the customer as a single amount. Charges, fees or taxes herein referred to shall in all instances be billed to customers on the basis of Company rates or usage effective at the time of billing, and on the basis of the tax rate of usage effective at the time billing is made.

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate amount of school tax in any county requiring a utility gross receipts license tax for schools under KRS 160.613.

There shall also be added to the Customer's bill, as a separate item, any fee, tax or charge imposed upon the customer by a municipality or governmental agency, the purpose of which is to allocate among those customers identified by ordinance, franchise, statute, or otherwise, the cost of fire hydrants imposed upon the municipality or governmental agency. Failure to pay this charge shall not constitute grounds for termination of service.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY P.S.C. KY NO. 12
Original Sheet No. 36

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6
BILLING OF LICENSE, OCCUPATION, FRANCHISE OR OTHER SIMILAR CHARGES OR TAXES INCLUDING SCHOOL TAX

Applicable

Applicable to all customers in the Service Territory of Kentucky-American Water Company.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, fee or other similar fee, charge or tax now or hereafter imposed upon the Company by local taxing authorities or the Kentucky River Authority, whether imposed by ordinance, franchise, statute or otherwise, and which fee, tax or charge is based upon Kentucky River water usage or a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer. Where more than one such charge, fee or tax is imposed, the total of such charges, fees or taxes applicable to a Customer may be billed to the customer as a single amount. Charges, fees or taxes herein referred to shall in all instances be billed to customers on the basis of Company rates or usage effective at the time of billing, and on the basis of the tax rate of usage effective at the time billing is made.

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate amount of school tax in any county requiring a utility gross receipts license tax for schools under KRS 160.613.

There shall also be added to the Customer's bill, as a separate item, any fee, tax or charge imposed upon the customer by a municipality or governmental agency, the purpose of which is to allocate among those customers identified by ordinance, franchise, statute, or otherwise, the cost of fire hydrants imposed upon the municipality or governmental agency. Failure to pay this charge shall not constitute grounds for termination of service.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Second Sheet No. 37
Cancelling Original Sheet No. 37

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company supplied water from the Kentucky River.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

Kentucky-American Water Company in accordance with the tariff shown in First Sheet No. 36 shall charge a rate of $0.0286 per 100 gallons. (R)

Except for rate changes imposed by the Kentucky River Authority, which will be put in effect immediately upon notification of such change by the Kentucky River Authority, this fee will be adjusted annually beginning January, 2002 to reflect any over or under collection of Kentucky River Authority fees existing at the time of the adjustment

ISSUED: February 27, 2026
EFFECTIVE: March 31, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
3/31/2026
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 37

CLASSIFICATION OF SERVICE
SERVICE CLASSIFICATION NO. 6

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company supplied water from the Kentucky River.

Availability of Service

Available for Residential, Commercial, Industrial, Other Public Authority and Sales for Resale customers.

Rates

Kentucky-American Water Company in accordance with the tariff shown in First Sheet No. 36 shall charge a rate of $0.0286 per 100 gallons.

Except for rate changes imposed by the Kentucky River Authority, which will be put in effect immediately upon notification of such change by the Kentucky River Authority, this fee will be adjusted annually beginning January, 2002 to reflect any over or under collection of Kentucky River Authority fees existing at the time of the adjustment

ISSUED: May 16, 2025
EFFECTIVE: June 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 37.1

CLASSIFICATION OF SERVICE
PFAS LITIGATION UNIVERSAL SURCREDIT ("PLUS")

APPLICABILITY

Applicable to the entire Service Territory of Kentucky-American Water Company.

Kentucky-American Water Company sought compensation from various manufacturers of chemicals of Aqueous Film Forming Foam. This litigation was consolidated for the limited purpose of pursuing settlements into multi-district litigation No. 2873 ("MDL") which are overseen by the United States District Court for the District of South Carolina. Kentucky-American Water Company has entered into multiple settlements in the MDL and may enter into further agreements. These settlements may provide one or more payments. The proceeds will be net of any costs to be paid out of the settlement funds incurred to administer or achieve the settlement. The purpose of this tariff is to credit Kentucky-American Water Company customers the proceeds Kentucky-American Water Company receives from these MDL settlements.

The proceeds from the MDL shall be credited to customers as a one-time credit within a reasonable time after Kentucky-American Water Company receives payment of the funds. Kentucky-American Water Company shall provide notice to the Commission of the amount of proceed included and a workpaper showing the determination of the credit as outlined below. Kentucky-American Water Company may combine proceeds resulting from the MDL settlement.

Determination of the Credit

The litigation or settlement proceed credit shall be calculated as follows:

$$\text{PLUS Credit} = \frac{\text{MDL Proceeds}}{\text{Total Water Customer Count}}$$

$$\text{PLUS Credit} = \frac{(MDLP)}{CC}$$

Where:

PLUS Credit	Represents the proceeds credit each customer will receive as a result of proceeds paid from MDL settlements.
MDLP	Represents the proceeds received from the one or more MDL settlements.
CC	Total active water customer counts, inclusive of all customer classes at the time of credit calculation.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:
KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 37.1

CLASSIFICATION OF SERVICE
PFAS LITIGATION UNIVERSAL SURCREDIT ("PLUS")

APPLICABILITY

Applicable to the entire Service Territory of Kentucky-American Water Company.

Kentucky-American Water Company sought compensation from various manufacturers of chemicals of Aqueous Film Forming Foam. This litigation was consolidated for the limited purpose of pursuing settlements into multi-district litigation No. 2873 ("MDL") which are overseen by the United States District Court for the District of South Carolina. Kentucky-American Water Company has entered into multiple settlements in the MDL and may enter into further agreements. These settlements may provide one or more payments. The proceeds will be net of any costs to be paid out of the settlement funds incurred to administer or achieve the settlement. The purpose of this tariff is to credit Kentucky-American Water Company customers the proceeds Kentucky-American Water Company receives from these MDL settlements.

The proceeds from the MDL shall be credited to customers as a one-time credit within a reasonable time after Kentucky-American Water Company receives payment of the funds. Kentucky-American Water Company shall provide notice to the Commission of the amount of proceed included and a workpaper showing the determination of the credit as outlined below. Kentucky-American Water Company may combine proceeds resulting from the MDL settlement.

Determination of the Credit

The litigation or settlement proceed credit shall be calculated as follows:

$$\text{PLUS Credit} = \frac{\text{MDL Proceeds}}{\text{Total Water Customer Count}}$$

$$\text{PLUS Credit} = \frac{(MDLP)}{CC}$$

Where:

PLUS Credit	Represents the proceeds credit each customer will receive as a result of proceeds paid from MDL settlements.
MDLP	Represents the proceeds received from the one or more MDL settlements.
CC	Total active water customer counts, inclusive of all customer classes at the time of credit calculation.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 38

RECONNECTION CHARGE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers

When it is necessary to discontinue water service to any premises because of a violation of the Company's Rules a Regulations on account of nonpayments of any bill for water service, a charge of
Fifty-six Dollars ($56.00) will be made to cover the expense of turning on the water service.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 38

RECONNECTION CHARGE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers

When it is necessary to discontinue water service to any premises because of a violation of the Company's Rules a Regulations on account of nonpayments of any bill for water service, a charge of
Fifty-six Dollars ($56.00) will be made to cover the expense of turning on the water service.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 39

INSUFFICIENT FUNDS CHARGE

In those instances where a customer renders payment to the Company by check or electronic funds transfer which is not honored upon deposit by the Company, the customer will be charged ($12.00) to cover the processing costs.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 39

INSUFFICIENT FUNDS CHARGE

In those instances where a customer renders payment to the Company by check or electronic funds transfer which is not honored upon deposit by the Company, the customer will be charged ($12.00) to cover the processing costs.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 40

INSPECTION OF SERVICE LINE

Applicable:
Applicable to the entire service territory of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3).

Availability of Service:
Inspection of service lines is available to all customers of Kentucky-American Water Company where neither the Kentucky Department of Housing, Building and Construction or local government conducts an inspection of service lines comparable to that required of water utilities by 807 KAR 5:066 Section 9(3). The customer shall leave the trench open and the service line uncovered. The service line must be determined to be free from any tee, branch connection, irregularity or defect before service will be initiated.

Rate:
The customer shall be charged $25.00 for each inspection of a service line.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
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Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 40

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Rate:
The customer shall be charged $25.00 for each inspection of a service line.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 41

NEW ACCOUNT SET UP
ACTIVATION FEE

Applicable
Applicable to all customers who request a new account or a change in ownership of an existing account.

Availability of Service
Available for all customers.

Rate
An activation fee of Twenty-eight ($28.00) Dollars shall be charged to set up a new account or change an existing account. The activation fee covers the cost of meter reading and record change.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

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ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

LATE PAYMENT FEE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers.

Rates

Kentucky American Water Company shall charge a 5% late fee on all charges that are paid after the due date on the bill. The late payment fee is 5% calculated upon all amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing services contract, or on previously assessed late payment fees or other penalty charges. The late payment charge will only be assessed once on any bill for rendered services. Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.

ISSUED: January 5, 2026 **Approved:**
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
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EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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ISSUED: May 15, 2026 **Approved:**
EFFECTIVE: June 14, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 43

BULK SALES OF WATER THROUGH LOADING STATIONS

Availability of Service

This service is available at locations deemed appropriate by Kentucky-American Water Company.

Rate

The following rates and charges are prescribed for the customers in the area served by Kentucky-American Water Company.

(I)	Bulk Sales Rate	$0.32946 per 50 gallons
(I)		$0.55892 per 100 gallons

Terms and Conditions of Service

Service taken under this tariff must be prepaid by the customer.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 19, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 43

BULK SALES OF WATER THROUGH LOADING STATIONS

Availability of Service

This service is available at locations deemed appropriate by Kentucky-American Water Company.

Rate

The following rates and charges are prescribed for the customers in the area served by Kentucky-American Water Company.

(R)	Bulk Sales Rate	$0.23694 per 50 gallons
(R)		$0.47387 per 100 gallons

Terms and Conditions of Service

Service taken under this tariff must be prepaid by the customer.

ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 11
Original Sheet No. 44

SERVICE CLASSIFICATION NO. 6
SERVICE LINE LEAK ADJUSTMENT RATE

Applicable
Applicable to entire Service Territory of Kentucky-American Water Company.

Availability of Service
Available for Residential, Commercial and OPA customers.

Rates
A charge of twenty-five (25) percent of the applicable tariff will be applied to all water usage determined to be the result of a service line leak.

Terms and Conditions
A service line leak is defined as a leak in the customer service line between the meter and the premises. Service line leak adjustments will be granted to residential, commercial, and OPA customers. The customer must provide a plumber's statement or list of materials showing that the leak has been repaired. After verification of repairs by the Water Company, the bill will be adjusted by comparing the usage during the leak billing period to the average usage for the past six billing periods. A reasonable estimate will be used in cases when six prior periods of information do not exist. The excess usage will be billed at the rate specified above. During the lifetime of a water service line only two leak adjustments will be permitted. Each adjustment may cover a maximum of two billing periods. Before a third adjustment can be considered, the entire water service line from the meter box to the premises must be replaced. Plastic pipe for repair of underground water service lines must be certified to withstand a working pressure of 160 pounds per square inch or greater.

ISSUED: January 5, 2026
EFFECTIVE: December 16, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

Approved:

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 12
Original Sheet No. 44

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ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 45

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

Service Address:
JOHN Q CUSTOMER
1234 ANYWHERE ST UNIT 1234
CITY, ST ZIP CODE

THANK YOU FOR BEING OUR CUSTOMER.

Important Account Messages

- Looking for an easy way to manage your account and service needs? Try our redesigned customer portal at www.amwater.com/MyAccount. Find out how much you owe, start or stop service and pay your bill electronically without a convenience fee. And you can access anytime ... 24x7, all day, every day!

For more information, visit www.kentuckyamwater.com

Page 1 of 3

Monthly Statement

Account No. **1012-210001234567**

Total Amount Due:	**$37.80**
Payment Due By:	**May 29, 2018**

Billing Date:	May 11, 2018
Service Period:	Apr 11 to May 10
Total Gallons:	3,740

Account Summary – *See page 3 for Account Detail*

Prior Billing:		$42.67
Payments - Thank You!	−	$42.67
Balance Forward:	=	**$0.00**
Service Related Charges:	+	$35.66
Taxes:	+	$2.14
Total Amount Due:	=	**$37.80**

View your account information or pay your bill anytime at: amwater.com/MyAccount

Pay by Phone*: Pay anytime at 1-855-748-6066
**A convenience fee may apply*

Customer Service: 1-800-678-6301
M-F 7:00am to 7:00pm – Emergencies 24/7

▾ Please return bottom portion with your payment. DO NOT send cash. Retain upper portion for your records. ▾

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™
PO Box 790247
St Louis, MO 63179-0247

Service to: 1234 ANYWHERE ST
CITY, ST ZIP CODE

Account No. **1012-210001234567**

Total Amount Due:	**$37.80**
Payment Due By:	**May 29, 2018**
If paying after 5/29/18, pay this amount:	$39.69

Amount Enclosed $

8001 1 AB 0.301 00001/008001/000002 0047 2 PC0180
JOHN Q CUSTOMER
1234 ANYWHERE ST
UNIT 1234
CITY ST 00000-0000

KENTUCKY AMERICAN WATER
PO BOX 790247
ST LOUIS, MO 63179-0247

00010122100012345670000000000003780013

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
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EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 45

KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING™

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JOHN Q CUSTOMER
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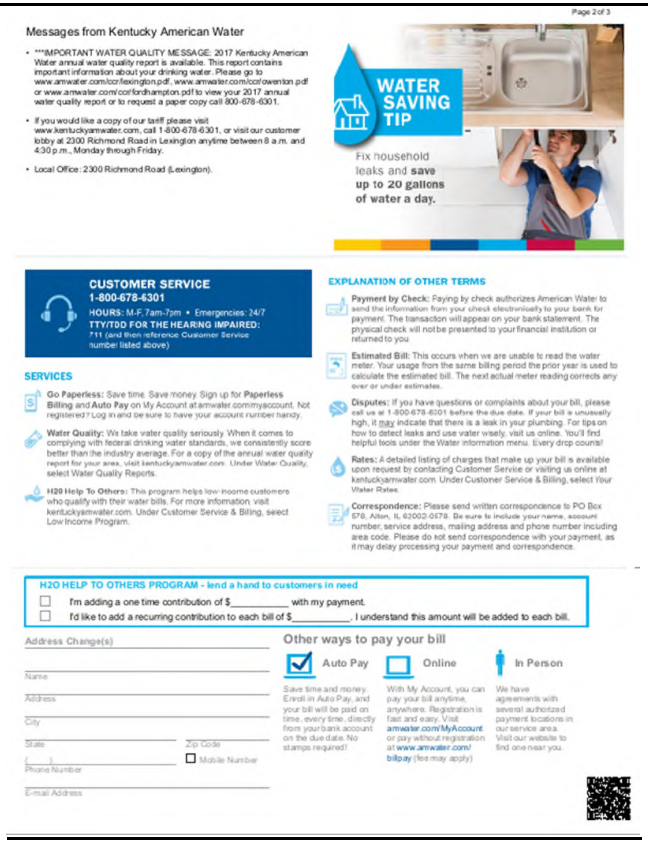
ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 46



Page 2 of 3

Messages from Kentucky American Water

- ***IMPORTANT WATER QUALITY MESSAGE: 2017 Kentucky American Water annual water quality report is available. This report contains important information about your drinking water. Please go to www.amwater.com/ccr/lexington.pdf, www.amwater.com/ccr/owenton.pdf or www.amwater.com/ccr/fordhampton.pdf to view your 2017 annual water quality report or to request a paper copy call 800-678-6301.
- If you would like a copy of our tariff please visit www.kentuckyamwater.com, call 1-800-678-6301, or visit our customer lobby at 2300 Richmond Road in Lexington anytime between 8 a.m. and 4:30 p.m., Monday through Friday.
- Local Office: 2300 Richmond Road (Lexington).

WATER SAVING TIP

Fix household leaks and **save up to 20 gallons of water a day.**

CUSTOMER SERVICE
1-800-678-6301
HOURS: M-F, 7am-7pm • Emergencies: 24/7
TTY/TDD FOR THE HEARING IMPAIRED:
711 (and then reference Customer Service number listed above)

SERVICES

Go Paperless: Save time. Save money. Sign up for **Paperless Billing** and **Auto Pay** on My Account at amwater.com/myaccount. Not registered? Log in and be sure to have your account number handy.

Water Quality: We take water quality seriously. When it comes to complying with federal drinking water standards, we consistently score better than the industry average. For a copy of the annual water quality report for your area, visit kentuckyamwater.com. Under Water Quality, select Water Quality Reports.

H20 Help To Others: This program helps low-income customers who qualify with their water bills. For more information visit kentuckyamwater.com. Under Customer Service & Billing, select Low Income Program.

EXPLANATION OF OTHER TERMS

Payment by Check: Paying by check authorizes American Water to send the information from your check electronically to your bank for payment. The transaction will appear on your bank statement. The physical check will not be presented to your financial institution or returned to you.

Estimated Bill: This occurs when we are unable to read the water meter. Your usage from the same billing period the prior year is used to calculate the estimated bill. The next actual meter reading corrects any over or under estimates.

Disputes: If you have questions or complaints about your bill, please call us at 1-800-678-6301 before the due date. If your bill is unusually high, it may indicate that there is a leak in your plumbing. For tips on how to detect leaks and use water wisely, visit us online. You'll find helpful tools under the Water Information menu. Every drop counts!

Rates: A detailed listing of charges that make up your bill is available upon request by contacting Customer Service or visiting us online at kentuckyamwater.com. Under Customer Service & Billing, select Your Water Rates.

Correspondence: Please send written correspondence to PO Box 678, Alton, IL 62002-0678. Be sure to include your name, account number, service address, mailing address and phone number including area code. Please do not send correspondence with your payment, as it may delay processing your payment and correspondence.

H2O HELP TO OTHERS PROGRAM - lend a hand to customers in need

☐ I'm adding a one time contribution of $_____ with my payment.
☐ I'd like to add a recurring contribution to each bill of $_____. I understand this amount will be added to each bill.

Address Change(s)

Name
Address
City
State Zip Code
( ) ☐ Mobile Number
Phone Number
E-mail Address

Other ways to pay your bill

☑ Auto Pay — Save time and money. Enroll in Auto Pay, and your bill will be paid on time, every time, directly from your bank account on the due date. No stamps required!

☐ Online — With My Account, you can pay your bill anytime, anywhere. Registration is fast and easy. Visit amwater.com/MyAccount or pay without registration at www.amwater.com/billpay (fee may apply)

In Person — We have agreements with several authorized payment locations in our service area. Visit our website to find one near you.

ISSUED: **January 5, 2026**
EFFECTIVE: **December 16, 2025**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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KENTUCKY
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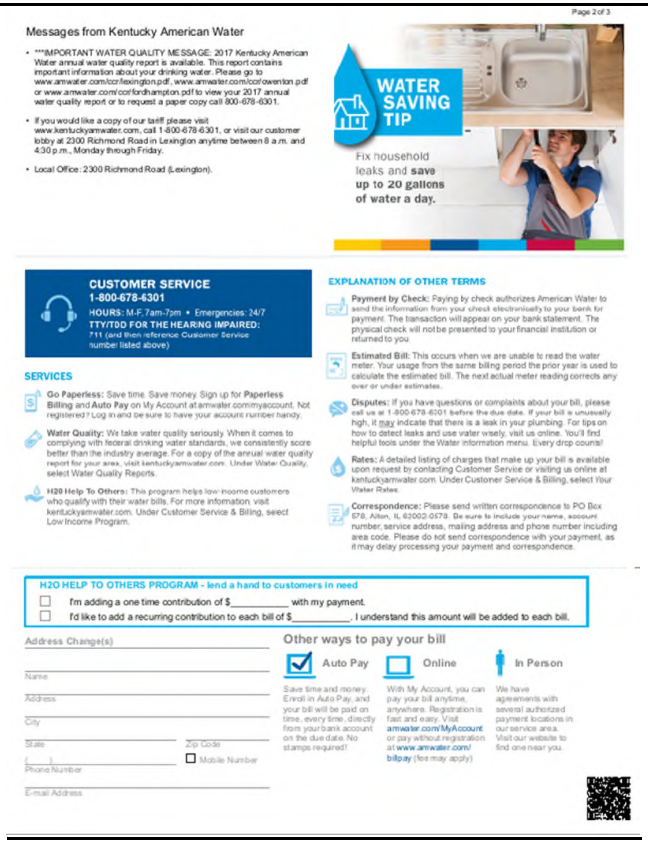
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 46



Page 2 of 3

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Address
City
State Zip Code
( ) ☐ Mobile Number
Phone Number
E-mail Address

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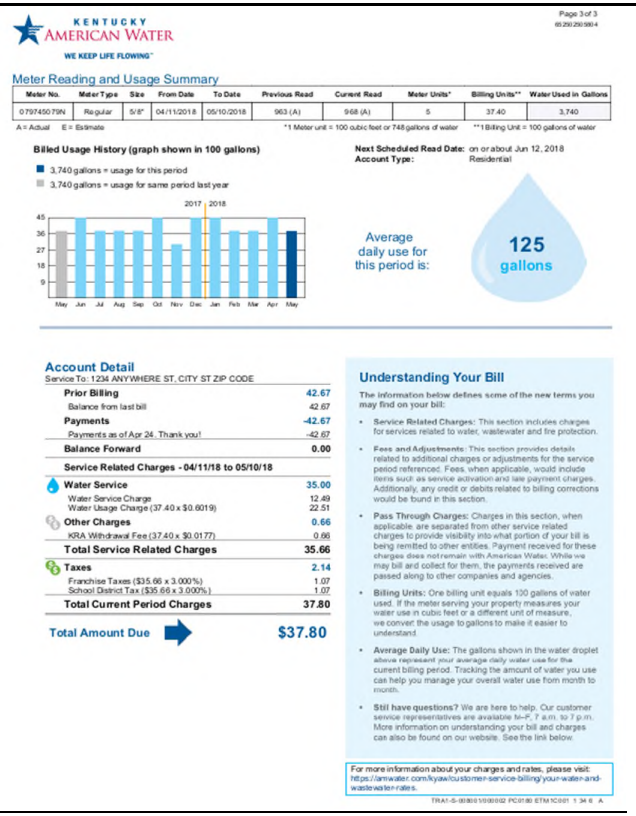
ISSUED: **May 15, 2026**
EFFECTIVE: **June 14, 2026**

Approved:

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. 47



KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING

Page 3 of 3

Meter Reading and Usage Summary

Meter No.	Meter Type	Size	From Date	To Date	Previous Read	Current Read	Meter Units*	Billing Units**	Water Used in Gallons
07974507 9N	Regular	5/8"	04/11/2018	05/10/2018	963 (A)	968 (A)	5	37.40	3,740

A = Actual E = Estimate
*1 Meter unit = 100 cubic feet or 748 gallons of water **1 Billing Unit = 100 gallons of water

Billed Usage History (graph shown in 100 gallons)
3,740 gallons = usage for this period
3,740 gallons = usage for same period last year

Next Scheduled Read Date: on or about Jun 12, 2018
Account Type: Residential

Average daily use for this period is: 125 gallons

Account Detail
Service To: 1234 ANYWHERE ST, CITY ST ZIP CODE

Prior Billing	42.67
Balance from last bill	42.67
Payments	-42.67
Payments as of Apr 24. Thank you!	-42.67
Balance Forward	0.00
Service Related Charges - 04/11/18 to 05/10/18	
Water Service	35.00
Water Service Charge	12.49
Water Usage Charge (37.40 x $0.6019)	22.51
Other Charges	0.66
KRA Withdrawal Fee (37.40 x $0.0177)	0.66
Total Service Related Charges	35.66
Taxes	2.14
Franchise Taxes ($35.66 x 3.000%)	1.07
School District Tax ($35.66 x 3.000%)	1.07
Total Current Period Charges	37.80
Total Amount Due	$37.80

Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- **Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection.
- **Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges. Additionally, any credit or debits related to billing corrections would be found in this section.
- **Pass Through Charges:** Charges in this section, when applicable, are separated from other service related charges to provide visibility into what portion of your bill is being remitted to other entities. Payment received for these charges does not remain with American Water. While we may bill and collect for them, the payments received are passed along to other companies and agencies.
- **Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- **Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- **Still have questions?** We are here to help. Our customer service representatives are available M–F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: https://amwater.com/kyaw/customer-service-billing/your-water-and-wastewater-rates.

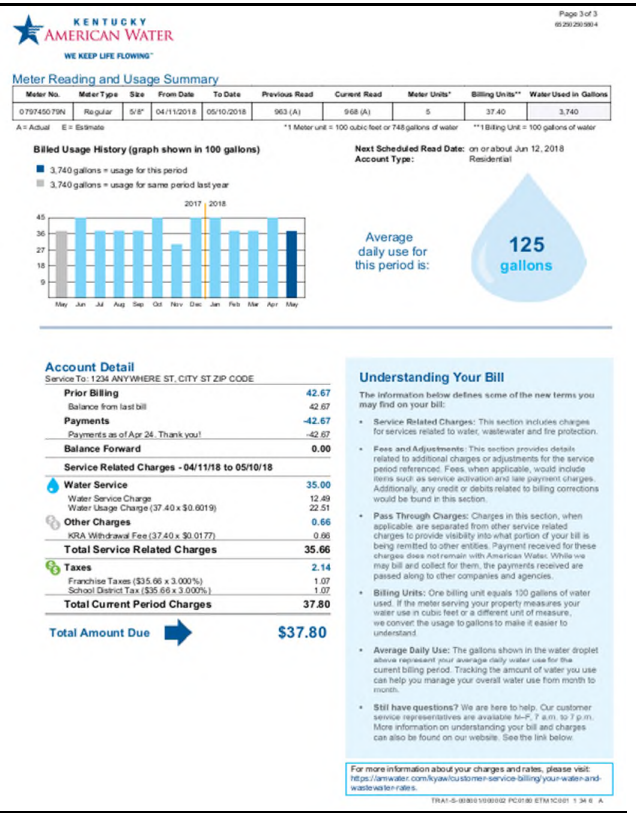
TRA1-S-00801000002 PC0100 ETM 1C001 1 34 6 A

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. 47



KENTUCKY AMERICAN WATER
WE KEEP LIFE FLOWING

Page 3 of 3

Meter Reading and Usage Summary

Meter No.	Meter Type	Size	From Date	To Date	Previous Read	Current Read	Meter Units*	Billing Units**	Water Used in Gallons
07974507 9N	Regular	5/8"	04/11/2018	05/10/2018	963 (A)	968 (A)	5	37.40	3,740

A = Actual E = Estimate
*1 Meter unit = 100 cubic feet or 748 gallons of water **1 Billing Unit = 100 gallons of water

Billed Usage History (graph shown in 100 gallons)
3,740 gallons = usage for this period
3,740 gallons = usage for same period last year

Next Scheduled Read Date: on or about Jun 12, 2018
Account Type: Residential

Average daily use for this period is: 125 gallons

Account Detail
Service To: 1234 ANYWHERE ST, CITY ST ZIP CODE

Prior Billing	42.67
Balance from last bill	42.67
Payments	-42.67
Payments as of Apr 24. Thank you!	-42.67
Balance Forward	0.00
Service Related Charges - 04/11/18 to 05/10/18	
Water Service	35.00
Water Service Charge	12.49
Water Usage Charge (37.40 x $0.6019)	22.51
Other Charges	0.66
KRA Withdrawal Fee (37.40 x $0.0177)	0.66
Total Service Related Charges	35.66
Taxes	2.14
Franchise Taxes ($35.66 x 3.000%)	1.07
School District Tax ($35.66 x 3.000%)	1.07
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For more information about your charges and rates, please visit: https://amwater.com/kyaw/customer-service-billing/your-water-and-wastewater-rates.

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ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

QUALIFIED INFRASTRUCTURE PROGRAM RIDER ("QIP RIDER") (D)

APPLICABLE SERVICE AREA (D)

Applicable to the entire Service Territory of Kentucky American Water Company unless otherwise noted. (D) (D)

APPLICABILITY OF RIDER (D)

Applicable to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, Public and Private Fire Service and Hydrant customers. (D) (D)

CALCULATION OF QUALIFIED INFRASTRUCTURE PROGRAM RIDER REVENUE REQUIREMENT (D) (D)

The QIP rate base in any forecasted period will be calculated in a manner consistent with 807 KAR 5:001, Section 16(6)(c). The QIP Rider Revenue Requirement includes the following: (D) (D)

a. QIP-eligible Plant In-Service not included in base water rates minus the associated QIP-related accumulated depreciation and accumulated deferred income taxes, grossed up by applying the gross revenue conversion factor authorized in the Company's latest base water rate case; (D) (D) (D)
b. Retirement and removal of plant related to QIP-eligible construction; (D)
c. Return on the net QIP-eligible plant in-service at the overall rate of return on capital authorized in the Company's latest base water rate case, grossed up for federal and state income taxes; (D) (D) (D)
d. Depreciation expense on the QIP-eligible Plant In-Service less retirement and removals; (D)
e. Property taxes related to the QIP. (D)

QIP ELIGIBLE UTILITY PLANT: (D)

Distribution Infrastructure – distribution and transmission system structures and improvements, mains and valves installed as replacements for existing facilities; hydrants, distribution tanks; services, meters and meter installations, power generation and pumping equipment installed as replacements for existing facilities; (D) (D) (D)

ISSUED: January 5, 2026 **Approved:**
EFFECTIVE: December 31, 2025

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

SYSTEM IMPROVEMENT PROGRAM SURCHARGE ("SIP") RIDER (N)

APPLICABLE SERVICE AREA (N)
Applicable to the entire Service Territory of Kentucky-American Water Company. (N)

APPLICABILITY OF RIDER (N)
Applicable to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, and Public and Private Fire Service customers. (N) (N)

DETERMINATION OF THE SIP SURCHARGE PERCENTAGE (N)
(A) The following terms not otherwise defined in this Rider shall have the following meaning given to them: (N)
(1.) "SIP Qualified Infrastructure Investments" include the below recurring and investment projects that are not for the purpose of serving a new customer ("non-revenue producing plant"): (N) (N)

- Water Mains: scheduled replacement, renewal, improvement, or relocation of existing water mains (N)
- Hydrants and Valves: replacement of existing hydrants and valves (N)
- Service Lines: replacement of existing service lines (N)
- Meters: replacement or improvement of existing meters and end-points (N)
- SCADA Equipment and Systems: installation or replacement of Supervisory Control and Data Acquisition ("SCADA") systems and equipment (N)
- Process Plant Facilities and Equipment: new purchase or replacement of existing components of water supply, treatment, pumping, storage, and pressure regulation facilities, including associated building components and equipment; replacement of existing laboratory equipment; replacement of existing filter media used in treatment (N)
- Booster Stations: replacement or improvement of existing booster stations (N)
- Water Storage Tanks: replacement or improvement of existing water storage tanks (N)

(2.) "SIP Period" means the 12-month period (or portion thereof) during which SIP Qualified Infrastructure Investments are being tracked. (N) (N)

(3.) "Annual Filing" means the filing to be made at least 90 days prior (by October 1) to the rate effective date of the SIP Period (January 1) that will establish a SIP Surcharge Percentage on a prospective basis and will include updates to forecasted SIP Qualified Infrastructure Investments, including an additional year of forecasted capital expenditures, any shifts in spend between eligible projects and categories of investments, as well as shifts in spend between years, according to business and operational needs. (N) (N) (N) (N) (N) (N)

ISSUED: May 15, 2026 **Approved:**
EFFECTIVE: June 14, 2026

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

unreimbursed funds related to capital projects to relocate facilities required by governmental infrastructure projects. (D)
Water Treatment Infrastructure – source of supply and water treatment structures, pipe and equipment including sampling equipment, SCADA equipment, power generation and pumping equipment installed as replacements for existing facilities. (D)

RATES (D)

All customers subject to this QIP Rider receiving water service shall be assessed a monthly QIP Rider charge in addition to the service charge, consumption charge or monthly fee component of their applicable rate schedule that will enable the Company to complete the Qualified Infrastructure Program. (D)

The QIP Rider will be updated annually in a filing that includes the (1) projected costs for each QIP period and (2) a balancing adjustment that trues up the projected program costs and revenues with the actuals for the preceding annual QIP period. The annual filing will be submitted at least 120 days prior to the commencement of the QIP period, which will commence on September 1 each year and run through August 31 of the subsequent year. (D)

The monthly QIP Rider charges for all respective water service classifications will be calculated as a percentage and applied to all water charges including meter fees, volumetric water sales, fire service fees, and public and private hydrant fees from the Company's most recent base rate case, but excluding any other surcharge or add-on taxes. The percentage is calculated by dividing the QIP revenue requirement by the water revenues authorized in the Company's most recent rate case and multiplying the resulting QIP period by the number of days the QIP percentage will be in effect, divided by 365 days (366 days in a leap year). It will be listed as a separate line item on the customer bill. The QIP percentage shall be calculated on an annual prospective basis. The QIP Rider charge effective on and after the effective date is: (D)

11.09% (D)

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EFFECTIVE: **December 31, 2025**

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Robert Burton
President
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(4.) "Balancing Adjustment" means the annual filing to be made at least 90 days prior (by March 1) to the rate effective date (June 1) of the Balancing Adjustment for the most recently concluded SIP Period that will (1) true up the forecasted costs of capital, depreciation, and taxes associated with SIP Qualified Infrastructure Investments in the most recently concluded SIP Period to actual costs and compare the resulting trued up total revenue requirement to actual SIP revenues billed to customers during that SIP Period, and (2) update the current SIP Period total revenue requirement to minimize the future Balancing Adjustment. (N)

(5.) "Base Water Revenues" mean all billed base water revenue, including water service charges based on the size of meter installed, volumetric water service charges based on consumption, municipal or private fire connection water service charges based on size of service, and water service charges for public or private fire hydrants, but excluding any other separately billed surcharges, surcredits, or taxes such as the Kentucky River Authority ("KRA") Withdrawal Fee, the PFAS Litigation Universal Surcredit ("PLUS"), Franchise Taxes, and School District Taxes. (N)

(6.) "SIP Surcharge Percentage" is the percentage determined as described below and to be updated in tariff filings. (N)

(7.) "SIP-related costs" or "SIP costs" mean costs of capital, depreciation, and taxes associated with SIP Qualified Infrastructure Investments. (N)

(8.) "System Improvement Program Surcharge" or "SIP Surcharge" means the amount added to a customer bill when the SIP Surcharge Percentage is applied in accordance with this tariff. (N)

(B) The SIP Surcharge Percentage shall be expressed as a percentage carried to two (2) decimal places. The SIP Surcharge Percentage shall be applied to the total amount Base Water Revenues billed to each Customer. (N)

(C) The SIP Surcharge Percentage will be calculated as follows: (N)

$$S\% = \frac{(\text{PTR} + \text{DEPRa} + \text{POTXa})}{\text{BWR}} \text{ x } 100\% - \text{SGRC\%} + \text{BA\%}$$ (N)

Where: (N)

S% = SIP Surcharge Percentage (N)

PTR = Pre-Tax Return calculated by: (1) multiplying the 13-month average rate base for the SIP Period by the debt and equity components of the total after-tax rate of return as authorized in the most recent water (N)

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Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

SHEET NO. 50 DOES NOT EXIST IN THE CURRENT TARIFF

(N) general rate case ("GRC"), and (2) then multiplying the resulting debt and equity after-tax return components by their respective gross revenue conversion factors, where the debt component is grossed up for uncollectible expense and the Public Service Commission Assessment Fee, and the equity component is grossed up for the same plus state and federal income taxes. The 13-month average rate base for the SIP Period is calculated as the 13-month average utility plant in-service and accumulated depreciation ("NetUPIS") balances for the SIP Qualified Infrastructure Investments, less the related accumulated deferred income taxes ("ADIT") that have been prorated for the SIP Period.

(N) DEPRa = Depreciation Expense After Gross Up calculated monthly during the SIP Period by: (1) multiplying the prior month's gross UPIS balances for SIP Qualified Infrastructure Investments by annual depreciation rates, divided by 12, as last approved for the respective plant accounts to which the SIP Qualified Infrastructure Investments were recorded, and (2) grossing up for uncollectible expense and the Public Service Commission Assessment Fee.

(N) POTXa = Property Tax Expense After Gross Up calculated by: (1) multiplying the net UPIS balance as of December 31 of the prior year by the effective property tax rate per dollar of net UPIS used to calculate property tax as approved in the most recent water GRC, and (2) grossing up for uncollectible expense and the Public Service Commission Assessment Fee.

(N) BWR = Base Water Revenues

(N) SGRC% = SIP Surcharge Percentage in Base Water Revenues (when applicable)

(N) BA% = Balancing Adjustment Percentage (when applicable) from the most recent Balancing Adjustment calculated by: (1) subtracting actual SIP revenues billed to customers during the recently completed SIP Period from the trued up total revenue requirement for that SIP Period, (2) dividing the resulting over or under recovery for that SIP Period by prorated Base Water Revenues authorized from the most recent GRC, where prorated Base Water Revenues are calculated by dividing the number of days the Balancing Adjustment Percentage will be effective (214 days for service rendered on and after June 1 through December 31) by 365 days, and multiplying by Base Water Revenues authorized from the most recent water GRC, and (3) multiply by 100%.

(N) **EFFECTIVE SIP SURCHARGE PERCENTAGE**

(N) The SIP Surcharge Percentage effective for service rendered on and after January 1, 2027 is:

(N) 0.00%

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

APPENDIX

Form of New Subdivision Extension Deposit Agreement for Off Site Facilities:

THIS AGREEMENT, entered into this _day of _____, _____by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY", and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ Commission has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit "B" for identification, and

WHEREAS, SUBDIVIDER desires the extension of the off site water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit "B" for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from

ISSUED: **January 5, 2026** **Approved:**
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ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
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Robert Burton
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installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other causes beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties

and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said off site main(s) and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within the whole of said subdivision, as shown on the plat attached hereto as Exhibit "B", being a total of _____building plots, will not be decreased in the final plats of said subdivision as the same are hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum of _____, for each premises served within said subdivision (as said subdivision is depicted on the plat attached hereto and marked Exhibit "B" for identification) for which a street service connection shall be directly attached to the mains constructed on the site of such subdivision between their original beginning and original termini (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said

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Approved:

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Robert Burton
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ISSUED: May 15, 2026
EFFECTIVE: June 14, 2026

Approved:

ISSUED BY: /s/ Robert Burton
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the _____ County Court five (5) copies of the final plat of said subdivision or units thereof as approved by the _____ Commission.

SEVENTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

EIGHTH: This Agreement shall be valid and binding on COMPANY only when executed by its President.

NINTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

ELEVENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
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TENTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

ELEVENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

WITNESS: **KENTUCKY AMERICAN WATER**

_____ By: _____
(Director of Engineering)

_____

(Date)

DEPOSITOR(S):

_____

_____

_____

Phone #: _____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

WITNESS: **KENTUCKY AMERICAN WATER**

_____ By: _____
(Director of Engineering)

_____

(Date)

DEPOSITOR(S):

_____

_____

_____

Phone #: _____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

(Title/Position)

Form of New Subdivision Extension Deposit Agreement for On Site Facilities:

THIS AGREEMENT, entered into this _____ day of _, 20____, by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY" and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit 'A' for identification, and

WHEREAS, SUBDIVIDER desires the extension of the water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

(Title/Position)

Form of New Subdivision Extension Deposit Agreement for On Site Facilities:

THIS AGREEMENT, entered into this _____ day of _, 20____, by and between KENTUCKY AMERICAN WATER, a Kentucky corporation, having its office at 2300 Richmond Road, Lexington, Kentucky, hereinafter called "COMPANY" and _____, hereinafter called "SUBDIVIDER",

WITNESSETH:

THAT, WHEREAS, SUBDIVIDER is the present owner of a certain tract of land located within the service area of COMPANY, which tract is now being developed by SUBDIVIDER as a new subdivision or unit thereof (hereinafter called the subdivision), and

WHEREAS, the _____ has heretofore approved a preliminary or final plat of said proposed subdivision, upon which plat the location and grade of streets, curbs, sidewalks, building plots, building lines and utility easements are depicted, a copy of which plat is annexed hereto and made a part hereof, marked Exhibit 'A' for identification, and

WHEREAS, SUBDIVIDER desires the extension of the water mains and facilities of COMPANY on the site of said subdivision as hereinafter described,

NOW, THEREFORE, in consideration of the premises and the mutual covenants of the parties hereto as hereinafter set forth, it is hereby agreed by and between the parties hereto as follows, to-wit:

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-6

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit 'A' for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other cause beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY, that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said on-site mains and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within said subdivision, as shown on the plat attached hereto as Exhibit "A", being a total of _____ building plots which, according to Section A(2) of Rule 10.3 of COMPANY's Rules and Regulations, is equal to _____ lots, will not be decreased in the final plat of said subdivision as the same is hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER, during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum _____, for each premises served within said subdivision (as said subdivision is depicted on Exhibit "A" attached hereto) for which a street service connection shall be directly attached to the main extension herein provided between its original beginning and original terminus (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-6

FIRST: COMPANY contracts and agrees to lay the water main(s) and other related facilities, if any, as shown in red on the plat attached hereto and made a part hereof, marked Exhibit 'A' for identification, which main(s) and facilities, if any, are described and located as follows:

SECOND: It is expressly understood and agreed that if COMPANY shall be delayed or prevented from installing the water main(s) and other related facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or for any other cause beyond its control, such failure or delay in performance shall be excused; provided, however, if such failure or delay in performance shall extend for a period of more than ninety (90) days from date of deposit, SUBDIVIDER shall have the right to cancel and terminate this agreement on thirty (30) days' written notice to COMPANY, and thereafter both parties shall be relieved of all duties and obligations arising hereunder. But this right to cancel and terminate by SUBDIVIDER shall not be invoked if COMPANY has received the construction material and SUBDIVIDER has made the deposit as hereinafter required, in which event COMPANY shall have the obligation to prosecute the work diligently to its completion.

THIRD: SUBDIVIDER hereby agrees to deposit with COMPANY, upon notice from COMPANY, that it is prepared and able to go forward with the work provided in Paragraph FIRST hereof, the sum of _____, which sum is the presumed cost of installation of said on-site mains and related facilities, if any, as determined under Section C(4) of Rule 10.3 of COMPANY'S Rules and Regulations. No adjustment in deposit will be made, either by way of adding to or reducing the deposit required hereunder, because of a variance between the presumed cost mentioned herein and the actual cost of installation of such main(s) and related facilities, if any.

FOURTH: SUBDIVIDER represents to and covenants with COMPANY that the number of residential and/or commercial building plots to be developed within said subdivision, as shown on the plat attached hereto as Exhibit "A", being a total of _____ building plots which, according to Section A(2) of Rule 10.3 of COMPANY's Rules and Regulations, is equal to _____ lots, will not be decreased in the final plat of said subdivision as the same is hereafter recorded in the office of the Clerk of the Fayette County Court. Upon such representation and covenant, COMPANY hereby agrees to refund to SUBDIVIDER, during the period of ten (10) years from the actual date of deposit, an amount equal to _____ of the total deposit made by SUBDIVIDER under the terms of Paragraph THIRD above, being the sum _____, for each premises served within said subdivision (as said subdivision is depicted on Exhibit "A" attached hereto) for which a street service connection shall be directly attached to the main extension herein provided between its original beginning and original terminus (not including, however, connections to further extensions or branches thereof, and being limited to one such service connection per

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: As a material consideration for COMPANY'S agreement to design and construct all or some portion of the main(s) and related facilities, if any, described on Exhibit "A" and in Paragraph FIRST hereof on the basis of a preliminary plat of said subdivision, without withholding or delaying such action until a final plat thereof has been approved by the Planning and Zoning Commission and recorded in the office of the Clerk of the Fayette County Court, SUBDIVIDER represents to COMPANY and covenants with COMPANY that the location and grade of streets, sidewalks, curbs, building plots, building lines and utility easements as depicted on the preliminary plat attached hereto as Exhibit "A" will not be altered or changed in any respect in the final plat of said subdivision, as finally approved by the Lexington-Fayette County Planning and Zoning Commission and as recorded in the office of the Clerk of the Fayette County Court. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision as approved by said Commission or as recorded in the office of said Clerk, whether such changes are made with or without the consent of SUBDIVIDER, or in the event a final plat is not approved or recorded, and in event such alteration, amendment, change, failure of approval or of recording requires, in the sole judgment of COMPANY, the relocation, removal, replacement, reconstruction, change in size or addition to the main(s) and related facilities to be constructed by COMPANY pursuant to the Agreement, SUBDIVIDER will immediately, upon demand from COMPANY, pay to COMPANY the actual cost to COMPANY of making such relocations, removals, replacements, changes in sizes and additions to such main(s) and related facilities, if any, so required in the sole judgment of COMPANY, as a result of such changes in location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements. No part of the sums payable to COMPANY by SUBDIVIDER under the terms and provisions of this Paragraph SIXTH shall be subject to refund to SUBDIVIDER. In event SUBDIVIDER fails to pay to COMPANY such sums as may be demanded by COMPANY under provisions of this Paragraph SIXTH within ten (10) days from such demand, COMPANY shall have the right, in addition to and not in limitation of all other remedies, which right shall be superior to the rights of any intervening assignee or creditor of SUBDIVIDER, to apply refunds coming due under Paragraph FOURTH of the Agreement to the reduction and extinguishment of the debt of SUBDIVIDER to COMPANY under terms of this Paragraph SIXTH.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

building plot) and for which a bona fide residential or commercial customer has executed a service contract with COMPANY, provided, however, that the total amount returned shall not exceed the original deposit, without interest, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of COMPANY.

FIFTH: SUBDIVIDER may request refunds under Paragraph FOURTH, once in each calendar quarter, furnishing COMPANY, at such time, a listing of premises claimed to be additional premises; however, failure on the part of SUBDIVIDER to make such request shall not constitute a waiver of any rights hereunder or relieve COMPANY of the obligation to make refunds with reasonable promptness.

SIXTH: As a material consideration for COMPANY'S agreement to design and construct all or some portion of the main(s) and related facilities, if any, described on Exhibit "A" and in Paragraph FIRST hereof on the basis of a preliminary plat of said subdivision, without withholding or delaying such action until a final plat thereof has been approved by the Planning and Zoning Commission and recorded in the office of the Clerk of the Fayette County Court, SUBDIVIDER represents to COMPANY and covenants with COMPANY that the location and grade of streets, sidewalks, curbs, building plots, building lines and utility easements as depicted on the preliminary plat attached hereto as Exhibit "A" will not be altered or changed in any respect in the final plat of said subdivision, as finally approved by the Lexington-Fayette County Planning and Zoning Commission and as recorded in the office of the Clerk of the Fayette County Court. In the event the location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements be altered, amended or changed in the final plat or in an amended plat of said subdivision as approved by said Commission or as recorded in the office of said Clerk, whether such changes are made with or without the consent of SUBDIVIDER, or in the event a final plat is not approved or recorded, and in event such alteration, amendment, change, failure of approval or of recording requires, in the sole judgment of COMPANY, the relocation, removal, replacement, reconstruction, change in size or addition to the main(s) and related facilities to be constructed by COMPANY pursuant to the Agreement, SUBDIVIDER will immediately, upon demand from COMPANY, pay to COMPANY the actual cost to COMPANY of making such relocations, removals, replacements, changes in sizes and additions to such main(s) and related facilities, if any, so required in the sole judgment of COMPANY, as a result of such changes in location or grade of streets, sidewalks, curbs, building plots, building lines or utility easements. No part of the sums payable to COMPANY by SUBDIVIDER under the terms and provisions of this Paragraph SIXTH shall be subject to refund to SUBDIVIDER. In event SUBDIVIDER fails to pay to COMPANY such sums as may be demanded by COMPANY under provisions of this Paragraph SIXTH within ten (10) days from such demand, COMPANY shall have the right, in addition to and not in limitation of all other remedies, which right shall be superior to the rights of any intervening assignee or creditor of SUBDIVIDER, to apply refunds coming due under Paragraph FOURTH of the Agreement to the reduction and extinguishment of the debt of SUBDIVIDER to COMPANY under terms of this Paragraph SIXTH.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

SEVENTH: By execution of this Agreement, SUBDIVIDER grants unto COMPANY, its successors and assigns, the permanent right and privilege to lay and construct its main(s) and related facilities, if any, on, over and through the lands of SUBDIVIDER at the locations depicted on Exhibit "A" and described in Paragraph FIRST above, together with the right to enter upon the adjacent lands of SUBDIVIDER for the purpose of installing,

construction, repairing, renewing, replacing and inspecting such main(s) and related facilities, if any.

EIGHTH: SUBDIVIDER will furnish to COMPANY immediately upon recordation thereof in the office of the Clerk of _____ five (5) copies of the final plat of said subdivision as approved by the _____.

NINTH: The ownership of the water main(s) laid hereunder shall at all times be in COMPANY, its successors and assigns.

TENTH: This Agreement shall be valid and binding on COMPANY only when executed by its Director of Engineering.

ELEVENTH: This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties.

TWELFTH: Any notice given hereunder shall be deemed sufficient if in writing and sent by registered mail to COMPANY at 2300 Richmond Road, Lexington, Kentucky and to SUBDIVIDER at _____.

THIRTEENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

WITNESS: *KENTUCKY AMERICAN WATER*

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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construction, repairing, renewing, replacing and inspecting such main(s) and related facilities, if any.

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THIRTEENTH: This Agreement is entered into pursuant to the legally established Rules and Regulations of COMPANY and the words, phrases and terms hereof are to be understood and interpreted in conformity with said Rules and Regulations, which are hereby incorporated herein by reference.

Executed by the parties hereto in duplicate this the day and year first above written.

WITNESS: *KENTUCKY AMERICAN WATER*

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-9

By: _____
(Director of Engineering)

_____
(Date)

SUBDIVIDER:

_____
_____
_____

Phone #:_____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

_____
(Title/Position)

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-9

By: _____
(Director of Engineering)

_____
(Date)

SUBDIVIDER:

_____
_____
_____

Phone #:_____

Fax #: _____

Email: _____

WITNESS:

_____ By: _____
(Signature)

_____
(Print or type name)

_____
(Title/Position)

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-10

APPLICATION FOR SPECIAL CONNECTION

Account No.	
Contract No.	
WBS Element No.	

This Application, made in duplicate this _____day of _____, 20____ _____, by _____,
hereinafter called the "APPLICANT", to KENTUCKY AMERICAN WATER, a Kentucky corporation located at 2300 Richmond Road, Lexington, Kentucky, 40502, hereinafter called the 'WATER COMPANY."

The APPLICANT, upon the terms and conditions hereinafter set forth, hereby applies to the WATER COMPANY for a private service, consisting of the right to connect a service pipe to a _____ public water main on _____ in Lexington and attach to said service pipe the following fixtures and openings:

One (1) _____-inch fire service to _____ supply ; one _____-inch service line, post indicator and valve with all related fittings to supply a sprinkler system of approximately _____ sprinkler heads, covering approximately _____ square feet of _____ space;

all of which fixtures and openings to be located within or upon the premise of the APPLICANT abutting the street on which the said main of the WATER COMPANY is located.

In consideration for which privilege the APPLICANT agrees to be bound by all the terms and conditions of this Application and pay the WATER COMPANY for private fire protection service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this Application may be accepted by the WATER COMPANY are as follows:

FIRST: That this Application and the acceptance thereof by the WATER COMPANY may be subject to the prior approval of the fire department having jurisdiction of the premises to be served.

SECOND: That the entire service system on APPLICANT's premises shall be subject to the inspection, test and approval of the WATER COMPANY, and the WATER COMPANY by its representatives, shall have the right to enter the premises of the APPLICANT at any reasonable time for the purpose of making such reasonable inspections as it may deem necessary, and to insure compliance with the terms and conditions of this Application.

THIRD: That all pipes and appurtenances shall be constructed and maintained in good condition by and at the expense of the APPLICANT.

FOURTH: That a fire line meter or detector device, approved by both the WATER COMPANY and the fire underwriters, will be required on the service at a location approved by the WATER COMPANY. Such meter or device shall be installed and maintained by and at the cost and expense of the APPLICANT, but subject to the inspection and approval of the WATER COMPANY. The bypass meter only, used with the detector device, shall be furnished, installed and maintained by the WATER COMPANY at its cost and expense.

FIFTH: That a gate valve with the post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the WATER COMPANY, and shall be furnished, installed and maintained by and at the expense of the APPLICANT, and unless otherwise approved by the WATER COMPANY, said valve shall be installed in a valve pit or vault which shall also be furnished, installed and maintained by and at the expense of the APPLICANT.

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-10

APPLICATION FOR SPECIAL CONNECTION

Account No.	
Contract No.	
WBS Element No.	

This Application, made in duplicate this _____day of _____, 20____ _____, by _____,
hereinafter called the "APPLICANT", to KENTUCKY AMERICAN WATER, a Kentucky corporation located at 2300 Richmond Road, Lexington, Kentucky, 40502, hereinafter called the 'WATER COMPANY."

The APPLICANT, upon the terms and conditions _____ hereinafter set forth, hereby applies to the WATER COMPANY for a private service, consisting of the right to connect a service pipe to a public water main on _____ in Lexington and attach to said service pipe the following fixtures and openings: _____

One (1) _____-inch fire service to supply ; one _____-inch service line, post indicator and valve with all related fittings to supply a sprinkler system of approximately _____ sprinkler heads, covering approximately _____ square feet of _____ space;

all of which fixtures and openings to be located within or upon the premise of the APPLICANT abutting the street on which the said main of the WATER COMPANY is located.

In consideration for which privilege the APPLICANT agrees to be bound by all the terms and conditions of this Application and pay the WATER COMPANY for private fire protection service at the schedule of rates in effect from time to time during the rendition of such service.

The further terms and conditions upon which this Application may be accepted by the WATER COMPANY are as follows:

FIRST: That this Application and the acceptance thereof by the WATER COMPANY may be subject to the prior approval of the fire department having jurisdiction of the premises to be served.

SECOND: That the entire service system on APPLICANT's premises shall be subject to the inspection, test and approval of the WATER COMPANY, and the WATER COMPANY by its representatives, shall have the right to enter the premises of the APPLICANT at any reasonable time for the purpose of making such reasonable inspections as it may deem necessary, and to insure compliance with the terms and conditions of this Application.

THIRD: That all pipes and appurtenances shall be constructed and maintained in good condition by and at the expense of the APPLICANT.

FOURTH: That a fire line meter or detector device, approved by both the WATER COMPANY and the fire underwriters, will be required on the service at a location approved by the WATER COMPANY. Such meter or device shall be installed and maintained by and at the cost and expense of the APPLICANT, but subject to the inspection and approval of the WATER COMPANY. The bypass meter only, used with the detector device, shall be furnished, installed and maintained by the WATER COMPANY at its cost and expense.

FIFTH: That a gate valve with the post indicator controlling the entire supply shall be placed at the curb or property line of the street in which the main is located or at such other point as may be approved by the WATER COMPANY, and shall be furnished, installed and maintained by and at the expense of the APPLICANT, and unless otherwise approved by the WATER COMPANY, said valve shall be installed in a valve pit or vault which shall also be furnished, installed and maintained by and at the expense of the APPLICANT.

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-11

SIXTH: That all hydrants and other fixtures connected to any private fire protection service system shall be kept closed and sealed, and not opened or used except during times of fire or testing. Upon extinguishment of each fire or following each test, the APPLICANT shall immediately close such fixtures and notify the WATER COMPANY so that they may be sealed. Whenever a private fire protection service system is to be tested, the APPLICANT shall notify the WATER COMPANY at least two business days in advance of such proposed test, requesting approval of the method, day and hour on which it is to be made.

SEVENTH: That no antifreeze or any other substance not specifically approved by the Environmental Protection Agency as non-detrimental to the public water supply, shall be introduced into sprinkling systems or into any pipe, fixture, appurtenance or other portion of the APPLICANT's private fire protection service system.

EIGHTH: That the APPLICANT understands and agrees that the extent of the rights of the APPLICANT under this Application is to receive, at times of fire on said premises, such supply of water as shall then be available and no other or greater quantity. The APPLICANT further acknowledges and agrees the WATER COMPANY shall not be considered in any way or manner an insurer of property or persons, or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise, and the WATER COMPANY shall be free and exempt from any and all claims for damages on account of any injury to property or persons by reason of fire, water, failure to supply water or pressure, or for any other cause whatsoever.

NINTH: That this Application does not contemplate uses of fixtures other than those shown on Exhibit A. Any waste of water or use of water through this connection for purposes other than testing or the extinguishment of fire, shall be deemed a violation of the terms and conditions of this Application and of the rules, regulations and conditions of service of the WATER COMPANY.

TENTH: That if private fire hydrants are included as part of this Application, they shall be painted any color other than that adopted by the WATER COMPANY for public fire hydrants.

ELEVENTH: That the APPLICANT shall furnish, attach and make a part hereof marked Exhibit A, three (3) complete sets of drawings showing the pipes, pumps, valves, hydrants, sprinkler systems, hose outlets and connections, standpipes, tanks and other openings and appurtenances contemplated in this Application. Such drawings, which shall be stamped "Approved" by the Insurance Services Office or other comparable agency approved by the WATER COMPANY, must also show all other water supply systems and pipelines and appurtenances which are proposed or which may exist on the premises to be served.

TWELFTH: That no pipe, fixture or appurtenance connected with the private fire protection service served by this Application shall be connected with any pipe, fixture or appurtenance supplied with water from any other source, unless specifically approved in writing by the WATER COMPANY.

THIRTEENTH: That the APPLICANT agrees to obtain in writing in advance the approval of the WATER COMPANY for any change, alteration, addition or deletion contemplated in the pipes, fixtures, openings and appurtenances and uses herein specified. Notwithstanding the approval of the WATER COMPANY, APPLICANT agrees that, except for those facilities which the WATER COMPANY had specifically agreed to provide and maintain, APPLICANT is and will be solely responsible for the design, adequacy, function and maintenance of its private fire protection service system referred to in this Application.

FOURTEENTH: That the WATER COMPANY has the right to discontinue or disconnect the service pipe herein applied for, and to terminate service under this Application, after due written notice to the APPLICANT, for failure to pay any bill when due, for failure to supply information to WATER COMPANY about the service system when so requested in writing, for leakage within APPLICANT's system, for violation of any of the terms and conditions of this Application, or for any violation of its rules, regulations and conditions of service; and the WATER COMPANY also has the right to shut off all or any part of its facilities by the WATER COMPANY(1) if a condition dangerous or hazardous to life, physical safety or property exists, (2) upon order by any court, the Public Service Commission or other duly authorized public authority, (3) if fraudulent or unauthorized use of water by APPLICANT is detected, or if the WATER COMPANY's regulating or measuring equipment has been tampered with by the APPLICANT.

FIFTEENTH: That upon acceptance of this Application by the WATER COMPANY and the completion of the installation of the service applied for, this Application shall be in full force and effect as a contract and shall continue as such until cancelled by written notice given thirty (30) days in advance by the APPLICANT to the WATER COMPANY, except as otherwise provided in numbered paragraph (14) above.

SIXTEENTH: The acceptance of this Application by the WATER COMPANY must be executed by its Director of Engineering before same

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-11

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NINTH: That this Application does not contemplate uses of fixtures other than those shown on Exhibit A. Any waste of water or use of water through this connection for purposes other than testing or the extinguishment of fire, shall be deemed a violation of the terms and conditions of this Application and of the rules, regulations and conditions of service of the WATER COMPANY.

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ELEVENTH: That the APPLICANT shall furnish, attach and make a part hereof marked Exhibit A, three (3) complete sets of drawings showing the pipes, pumps, valves, hydrants, sprinkler systems, hose outlets and connections, standpipes, tanks and other openings and appurtenances contemplated in this Application. Such drawings, which shall be stamped "Approved" by the Insurance Services Office or other comparable agency approved by the WATER COMPANY, must also show all other water supply systems and pipelines and appurtenances which are proposed or which may exist on the premises to be served.

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SIXTEENTH: The acceptance of this Application by the WATER COMPANY must be executed by its Director of Engineering before same

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 11**
Original Sheet No. A-12

becomes effective.

SEVENTEENTH: If ownership of the property served by the service applied for herein changes, notice thereof shall be given to the WATER COMPANY within thirty (30) days and the new owner shall be identified by name, address and proper person to contact.

EIGHTEENTH: That the APPLICANT or his agent is responsible for payment of the deposit for the estimated cost of construction to WATER COMPANY. To the extent there is any refund to be made at the end of the project after all costs are accrued, such refund will be paid to the APPLICANT by check made payable to the APPLICANT. To the extent that any amount is owed to WATER COMPANY at the end of the project after all costs are accrued, payment of such amounts is the responsibility of the APPLICANT. To the extent the APPLICANT owes any of the refunded amount to the contractors, APPLICANT agrees it is responsible for these amounts owed and that WATER COMPANY has no responsibility in that regard.

IN WITNESS WHEREOF, the APPLICANT has hereunto signed the day and year:

_____ _____
Witness Signature *Signature and Title of APPLICANT or Duly Authorized Representative*

APPROVED this _____ day of _____, 20 _____.

_____
Witness Signature *Chief of Fire Department*

County/City of _____

WATER COMPANY hereby accepts the foregoing Application this _____ day of _____, 20_____.

_____ _____ _____
Witness Signature *Director of Engineering* *Date*

ISSUED: **January 5, 2026** **Approved:**
EFFECTIVE: **December 16, 2025**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502
Issued by authority of an Order of the Public Service Commission in Case No. 2025-00122 dated Dec. 16, 2025

KENTUCKY
PUBLIC SERVICE COMMISSION
Linda C. Bridwell
Executive Director
EFFECTIVE
12/16/2025
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

KENTUCKY-AMERICAN WATER COMPANY **P.S.C. KY NO. 12**
Original Sheet No. A-12

becomes effective.

SEVENTEENTH: If ownership of the property served by the service applied for herein changes, notice thereof shall be given to the WATER COMPANY within thirty (30) days and the new owner shall be identified by name, address and proper person to contact.

EIGHTEENTH: That the APPLICANT or his agent is responsible for payment of the deposit for the estimated cost of construction to WATER COMPANY. To the extent there is any refund to be made at the end of the project after all costs are accrued, such refund will be paid to the APPLICANT by check made payable to the APPLICANT. To the extent that any amount is owed to WATER COMPANY at the end of the project after all costs are accrued, payment of such amounts is the responsibility of the APPLICANT. To the extent the APPLICANT owes any of the refunded amount to the contractors, APPLICANT agrees it is responsible for these amounts owed and that WATER COMPANY has no responsibility in that regard.

IN WITNESS WHEREOF, the APPLICANT has hereunto signed the day and year:

_____ _____
Witness Signature *Signature and Title of APPLICANT or Duly Authorized Representative*

APPROVED this _____ day of _____, 20 _____.

_____
Witness Signature *Chief of Fire Department*

County/City of _____

WATER COMPANY hereby accepts the foregoing Application this _____ day of _____, 20_____.

_____ _____ _____
Witness Signature *Director of Engineering* *Date*

ISSUED: **May 15, 2026** **Approved:**
EFFECTIVE: **June 14, 2026**

ISSUED BY: **/s/ Robert Burton**
Robert Burton
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 4

Description of Filing Requirement:

Certified copy of Articles of Incorporation with all Amendments

Response:

See attached.

For electronic version, see KAW_APP_EX04_051526.pdf.

COMMONWEALTH OF KENTUCKY

Michael G. Adams
Secretary of State

Certificate

I, Michael G. Adams, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF

KENTUCKY-AMERICAN WATER COMPANY FILED DECEMBER 6 2013.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 27th day of April, 2026.

COMMONWEALTH OF KENTUCKY
OFFICE OF SECRETARY OF STATE

Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
ABurlingame/0027327 - Certificate ID: 366099

0027327.09 amcray AMD

Alison Lundergan Grimes
Kentucky Secretary of State
Received and Filed:
12/6/2013 2:22 PM
Fee Receipt: $80.00

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF KENTUCKY-AMERICAN WATER COMPANY

The undersigned, Kentucky-American Water Company (the "Corporation"), hereby restates and amends in its entirety its Articles of Incorporation, as amended and duly adopted on November 22, 2013 pursuant to KRS 271B.10-030 by the affirmative vote of the shareholders of the Corporation entitled to vote. These Amended and Restated Articles of Incorporation shall be effective on the date approved by the Kentucky Secretary of State.

ARTICLE I

The name of the corporation is Kentucky-American Water Company (the "Corporation").

ARTICLE II

The registered agent of the Corporation is CT Corporation System, 306 W. Main Street, Suite 512, Frankfort, KY 40601. The Principal Office is 2300 Richmond Road, Lexington, KY 40502.

ARTICLE III

Current Article Language:
The capital stock which the Corporation shall be authorized to have is: Two million one hundred fifty thousand (2,150,000) shares consisting of 150,000 shares of Preference Stock, with a par value of $100 each, for an aggregate par value of Fifteen Million dollars ($15,000,000), and 2,000,000 shares of Common Stock, having no par value.

ARTICLE IV

The preferences, qualifications, limitations, restrictions, and the special and relative rights in respect of the shares of the Corporation's Preference and Common Stock are as follows:

PREFERENCE STOCK

(1) The shares of Preference Stock may be divided into and issued in series from time to time, as herein provided. All shares of reference Stock of all series, whether now or hereafter created, shall be of equal rank and all shares of any particular series of Preference Stock shall be identical except as to the date or dates from which dividends on such shares shall be cumulative, as provided by subdivision (2) of this Preference Stock section of Article Four of the Corporation's Amended and Restated Articles of Incorporation. The shares of Preference Stock of different series, subject to any applicable provisions of law, may vary as to the following relative rights and preferences, and restrictions and qualifications thereof, which shall be fixed by the Corporation's Board of Directors, in the case of each series, at any time prior to the issuance of any shares thereof, in the manner provided in this subdivision (1):

(a) the distinctive designation of such series and the number of shares which shall constitute such series;
(b) the annual dividend rate on shares of such series, and the date or dates from which dividends on shares of such series shall be cumulative (hereinafter

sometimes called the Date of Cumulation);

(c) the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed by the Corporation (hereinafter sometimes called the Redemption Prices);

(d) the amount or amounts payable upon the shares of such series in the event of voluntary liquidation, dissolution or winding up to the affairs of the Corporation (hereinafter sometimes called the Voluntary Liquidation Price);

(e) whether or not the shares of such series shall be entitle to the benefit of a Sinking Fund to be applied to the purchase or redemption of shares of such series, and if so entitled, the amount of such fund and the manner of its application, including the price or prices at which the shares of such series may be redeemed or purchased through the application of such fund;

(f) whether or not the shares of such series shall be made convertible into shares of any other class or of any other series of the same or any other class or classes of stock of the Corporation, and if made so convertible the conversion price or prices, and the adjustments thereof, if any, at which such conversion may be made, and any other terms and conditions of such conversion;

(g) any other preferences, and relative, participating, option or other special rights qualifications, limitations or restrictions thereof so far as they are not inconsistent with the provision of Article Four of the Corporation's Amended and Restated Articles of Incorporation and to the full extent now or hereafter permitted by the laws of Kentucky.

Shares of Preference Stock shall be issued only as fully-paid and non-assessable shares.

(2) Dividends.

(a) Out of any funds of the Corporation legally available therefor remaining after Accrued Dividends to the end of the then current quarterly dividend period upon the Preferred Stock of all series then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set apart for such payment, and after the Corporation shall have complied with any Sinking Fund provisions with respect of any and all amount then or theretofore required to be set aside or applied in respect of any Sinking Funds for any series of Preferred Stock, then and not otherwise the holders of Preference Stock of each series shall, subject to the provisions of this Article Four of the Corporation's Amended and Restated Articles of Incorporation and the terms of any resolution of the Corporation's Board of Directors establishing and designating any series of the Preferred Stock and fixing and determining the relative rights and preferences thereof, be entitle to receive, when and as declared by the Board of Directors, dividends in cash at the rate per annum for such series fixed in accordance with subdivision (1) of this Preference Stock section of this Article Four, and no more, payable on the first days of January, April, July and October in each year (the quarterly period ending on the first day of such months, respectively, being herein designated as Dividend Periods), in each case from the Date of Cumulation of the particular shares of such series; provided that the initial dividend with respect to any particular shares of any series shall be payable on such of such dates as next succeeds the expiration of 30 days after the date of issue of the first shares of such series to be issued, unless otherwise determined by the Board of Directors in any resolution establishing and designating any series of Preference Stock and fixing and determining the relative rights and preferences thereof. Such dividends shall be

cumulative in the case of all particular shares of each particular series as follows: (i) as to shares issued on or prior to the record date of the first dividend on shares of such series, the Date of Cumulation shall be as fixed for this purpose as provided in subdivision (1) above; (ii) as to shares issued during the period commencing the day after the record date for a dividend on shares of such series and terminating on the ensuing date of payment for such dividend, the Date of Cumulation shall be said date of payment; and (iii) as to shares issued any other time, the Date of Cumulation shall be the date of payment next preceding the date of issue of such shares, except if any shares are issued on a quarterly dividend payment date, the Date of Cumulation shall be such date. In addition (whether or not in any Dividend Period or Periods there shall be funds of the Corporation legally available for the payment of such dividends), if at any time accrued dividends upon the outstanding Preference Stock of all series to the end of the then current Dividend Period shall not have been paid or declared and a sum sufficient for the payment thereof set apart for such payment, the amount of the deficiency shall be fully paid, but without interest, or dividends in such amount declared on each such series and a sum sufficient for the payment thereof set apart for such payment, before any sum or sums shall be set aside for or applied to the purchase, redemption, Sinking Fund or other acquisition of Preference Stock of any series and before any dividend shall be declared or paid upon or set apart for, or any other distribution shall be orders or made in respect of, Subordinate Stock and before any shares of Subordinate Stock shall be purchased, redeemed, or otherwise acquired by the Corporation.

(b) No dividends shall be declared or paid on any particular series of Preference Stock to the exclusion of any other series thereof and all dividends declared on the Preference Stock of the respective series outstanding shall be declared pro rate, so that the amount of the dividend declared on any particular series of the Preference stock shall be in the proportion that the annual dividend requirements of the shares of such series bear to the total annual dividend requirements of the Preference Stock of all series at the time outstanding.

(3) Preference on Liquidation. In the event of any liquidation or dissolution or winding up of the Corporation, voluntary or involuntary, after there shall have been paid or set aside in cash for the holders of the Preferred Stock of all series then outstanding the full preferential amounts to which they are entitled under the provisions of Article Four of the Corporation Amended and Restated Articles of Incorporation, the holders of the Preference Stock of each series shall be entitle to receive, out of the Corporations available for distribution to its stockholders, before any distribution of assets shall be made to the holders of Subordinate Stock, (i) if such liquidation, dissolution or winding up shall be involuntary, the sum of $100 per share plus Accrued Dividends thereon to the Date of Final Distribution to the holders of the Preference Stock, and (ii) if such liquidation, dissolution or winding up shall be voluntary, the Voluntary Liquidation Price to the holders of the Preference Stock; and the holders of the Subordinate Stock shall be entitled, to the exclusion of the holders of the Preference Stock of any and all series, to share in all the assets of the Corporation then remaining as hereinafter provided. If upon any liquidation or dissolution or winding up of the Corporation the net assets of the Corporation shall be insufficient to pay the holders of all outstanding shares of the Preference Stock the full amounts to which they respectively shall be entitled, the holders of shares of Preference Stock of all series shall share ratably in any distribution

of assets according to the respective amounts which would be payable in respect to the shares held by them upon such distribution of all amounts payable on or with respect to the Preference Stock of all series were paid in full. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor the merger or consolidation of any other corporation into or with the Corporation, nor a sale, transfer or lease of all or part of the assets of the Corporation, shall be deemed to be a liquidation, dissolution or winding up of the Corporation.

(4) Sinking Fund. Out of any funds of the Corporation legally available therefor remaining after Accrued Dividends to the end of the then current dividend period upon the Preferred Stock and the current Dividend Period upon the Preference Stock of all series then outstanding shall have been paid or declared and a sum sufficient for the payment thereof set apart for such payment, and after there have been set aside any sums with respect to any Sinking Funds for any series of Preferred Stock, and before any dividends shall be declared or paid upon or set apart for, or any other distribution shall be ordered or made in respect of, Subordinate Stock and before any dividends shall be declared or paid upon or set apart for, or any other distribution shall be ordered or made in respect of Subordinate Stock and before any shares of Subordinate Stock shall be purchased, redeemed or otherwise acquired by the Corporation, the Corporation shall set aside, in respect of each series of Preference Stock any shares which shall at the time be outstanding and in respect of which a Sinking Fund for the purchase or redemption thereof has been provided in accordance with this Preference Stock section of this Article Four, the sum or sums then or theretofore required to be set aside as a Sinking Fund, to be applied in the manner specified in the provisions creating such fund.

(5) Redemption.

(a) The Preference Stock, of all or any series, or any part thereof, at any time outstanding may, subject to any applicable restrictions with respect to the redemption of shares ranking junior to the Preferred Stock as to dividends or assets, be redeemed by the Corporation, at is election expressed by resolution of the Board of Directors, at any time or from time to time (which time, when fixed in each case and specified in the notice of redemption, is hereinafter called the Redemption Date), upon not less than 30 days previous notice to the holders of records of the Preference Stock to be redeemed, given by mail in such manner as may be prescribed by resolution of the Board of Directors (but not inadvertent failure to give such notice or any defect in the notice or giving thereof shall affect the validity of the proceedings for such redemption), at the Redemption Price then applicable to the Preference Stock to be redeemed, plus Accrued Dividends thereon to the redemption date; provided, however, that less than all the Preference Stock of all series there outstanding may be redeemed only after Accrued Dividends to the end of the then current Dividend Period upon the Preference Stock of all series than outstanding (other than the shares to be redeemed) shall have been paid or declared and a sum sufficient for the payment thereof set apart for such payment, and all Sinking Fund payment requirements with respect to the Preference Stock have been met. If less than all the outstanding Preference Stock of any series is to be redeemed, the selection of shares for redemption may be made either by lot or pro rate in such manner as may be prescribed by resolution of the Board of Directors. The Corporation may, if it shall so elect, deposit the amount of the Redemption Price plus such Accrued Dividends for the account of the holders of Preference Stock entitle thereto with a bank or trust corporation doing business in the

Commonwealth of Kentucky, and having capital and surplus of at least $5,000,000, at any time prior to the Redemption Date (the date of such deposit being hereinafter in this subdivision (5) referred to as the Date of Deposit).

(b) Notice of the Corporation's election to make such deposit including the Date of Deposit and the name and address of the bank or trust corporation with which the deposit has been or will be made, shall be included in the notice of redemption. On and after the Date of Deposit (unless default shall be made by the Corporation in providing moneys for the payment of the Redemption Price, plus such Accrued Dividend, pursuant to the notice of redemption), all dividends on the Preference Stock so called for redemption shall cease to accrue, and, notwithstanding that any certificate for shares of Preference Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding and all rights of the holders thereof as stockholders of the Corporation shall cease and terminate, except the right to receive the Redemption Price, plus such accrued Dividends, as hereinafter provided and except any conversion rights not theretofore expired. Such conversion rights, however, in any event shall cease and terminate upon the Redemption Date or upon any earlier date duly fixed for the termination of such rights. At any time on or after the Redemption Date, or if the Corporation shall elect to deposit their moneys for such redemption as herein provided, then at any time on or after the Date of Deposit, which time shall be specified by the Corporation in the notice of redemption but shall not be later than the Redemption Date, the respective holders of record of the Preference Stock to be redeemed shall be entitled to receive the Redemption Price, plus such Accrued Dividends, upon actual delivery to the Corporation or, in the event of such deposit, to the bank or trust corporation with which such deposit shall be made, or certificates for the shares to be redeemed, such certificates, if required, to be properly stamped for transfer and duly endorsed in blank. Any moneys so deposited which shall remain unclaimed by the holders of such Preference Stock at the end of two years after the Redemption Date shall be paid by such bank or trust corporation to the Corporation; provided, however, that all moneys so deposited which shall not be required for such redemption because of the exercise of any right of conversion shall be returned to the Corporation forthwith. Any interest accrued on moneys so deposited shall be paid to the Corporation from time to time.

(4) Restrictions on Certain Corporate Action; Other Voting Rights.

(a) So long as any shares of Preference Stock are outstanding, the consent of the holders of at least two-thirds, of the Preference Stock at the time outstanding, given in person or by proxy, either in writing without a meeting (if permitted by law) or by vote at any meeting called for the purpose, shall be necessary for effecting or validating any amendment, alteration or repeal of the Amended and Restated Articles of Incorporation, or By-laws of the Corporation which would:

(i) alter or change the preferences, special rights, or powers given to the Preference Stock so as to affect them adversely, or

(ii) increase the authorized number of, or increase or decrease the authorized number of shares of Preferred Stock, or

(iii) create any new class of stock ranking on a parity with or having preference over the Preference Stock as to dividends or assets, or create any obligating or security of the Corporation convertible into

or exchangeable for shares of stock of any class having such preference over the Preference Stock; provided, however, that if such amendment, alteration or repeal affects adversely the preferences. Special rights or powers given one or more but not all series of Preference Stock at the time outstanding, only the consent of the holders of at least two-thirds of all series so affected, voting together, shall be required; and provided, further that the amendment of the Amended and Restated Articles of Incorporation to create, or increase or decrease the authorized number of shares of, any Subordinate Stock or any obligation or security of the Corporation convertible into any such stock shall not be deemed to affect adversely the preferences, special rights or powers of the Preference Stock.

(b) If and whenever the dividends on the Preference Stock, regardless of series, shall be in arrears and such arrears shall aggregate an amount equal to or in excess of eight (8) quarterly dividends upon such stock, the number of directors then constituting the Board of Directors shall be increased by one and the holders of the Preference Stock, voting separately as a class, shall be entitled, at any annuals meeting of the stockholder or at a special meeting of the holders of the Preference Stock called as hereinafter provided, to elect the additional directors. Whenever all arrears in dividends on the Preference Stock then outstanding shall have been paid and dividends thereon for the current quarterly Dividend Period shall have been paid or declared and set aside for payment, then the rights of the holders of the Preference Stock to elect such additional director shall cease, but subject to the same provisions for the vesting of such voting rights in the case of any similar future arrearages in dividends, and the term of office of the person elected as a director by the holders of the Preference Stock shall be reduced accordingly.

At any time after such voting power shall have been vested in the Preference Stock, the Secretary of the Corporation may, and upon written request of the holders of record of ten percent (10%) or more in amount of the Preference stock then outstanding, addressed to him at the principal office of the Corporation, shall, call a special meeting of the holders of the Preference Stock for the selection of the one director to be elected by them as herein provided, to be held within thirty (30) days after such call and at the place and upon the notice provided by law or by the By-laws of the Corporation for the holding of meetings of stockholders. If any such special meeting required to be called as above provide shall not be called by the Secretary within twenty (20) days after receipt of any such request, then the holders of record of ten percent (10%) or more in amount of the Preference Stock then outstanding may designate in writing one of their number to call such meeting, and the person so designated may call such meeting to be held at the place and upon the notice above provided, and for that propose shall have access to the stock books of the Corporation. If any such special meeting shall be called as above provided and if the holders of at least a majority of the Preference Stock then outstanding shall be present or represented by proxy at such meeting or any adjournment thereof, then the holders of at least a majority of the Preference Stock present or so represented at such meeting shall be entitle to elect the additional director above provided for. The director elected at any such special meeting

shall hold office until the nest annual meeting of the stockholders, unless his term of office shall sooner terminate as provided hereinabove. In case any vacancy shall occur with respect to the director elected by the holders of the Preference Stock, such directorship shall remain vacant unless the holders of record of ten percent (10%) or more of the Preference Stock shall request in writing a special meeting of said holder to fill said vacancy pursuant to the terms of this subdivision 6(b) at which meeting said vacancy will be so filled.

At any annual meeting of stockholders, the holders of at least a majority of the Preference Stock then outstanding, present or represented by proxy, shall constitute a quorum for the purpose of election of such additional director and the holders of at least a majority of the Preference Stock present or so represented at such meeting shall be entitle to elect the additional director above provided for.

(c) Except when required by law and as provided in subdivision 6(a)(i) hereof, whenever two or more series of Preference Stock are outstanding, no particular series of Preference Stock shall be entitled to vote or consent as a separate series shall be deemed to constitute but one class for any purpose for which a vote or consent of the stockholders by classes may now or hereafter be required.

(d) Holders of Preference Stock shall not be entitled to receive notice of any meeting of stockholders at which they are not entitled to vote or consent, except as otherwise required by law.

(5) No Subscription or Preemptive Rights.

(a) No holder of the Preference Stock shall, as such holder, have any right to purchase or subscribe for (i) any stock of any class, or any warrant or warrants, option or options or other instrument or instruments that shall confer upon the holder or holders that of the right to subscribe for or purchase or receive from the Corporation any stock of any class or classes which the Corporation may issue or sell, whether or not such stock shall be convertible into or exchangeable for any other stock of the Corporation of any class or classes and whether or not such stock shall be unissued shares authorized by the Amended and Restated Articles of Incorporation or by any amendment thereto or shares of stock of the Corporation acquired by it after the issue thereof, or (ii) any obligation which the Corporation may issue or sell that shall be convertible into or exchangeable for any shares of stock of the Corporation of any class or classes, or to which shall be attached or appurtenant any warrant or warrants, option or options or other instrument or instruments that shall confer upon the holder or holders of such obligation the right to subscribe for or purchase or receive from the Corporation any shares of its stock of any class or classes.

(b) Upon any issue for money or other consideration of any stock of the Corporation that may be authorized from time to time no holder of stock, irrespective of the kind of such stock, shall have any preemptive or other right to subscribe for, purchase or receive any proportionate or other share of the stock so issued, but the Board of Directors may dispose of all or any portion of such stock as and when it may determine free of any such rights, whether by

offering the same to stockholders or by sale or other disposition as said Board may deem advisable.

(8) Definitions.

(a) The term "Subordinate Stock" as used in this Preference Stock section of this Article Four shall be deemed to mean all stock of any class of the Corporation ranking junior to the Preference Stock as to dividends or assets;

(b) The term "Sinking Fund" shall mean any fund or requirement for the periodic retirement of shares;

(c) The term "Accrued Dividends", with respect to any share of any series of Preferred and Preference Stock, shall mean an amount computed at the annual dividend rate for the series of which the particular share is a part, from the date on which dividends on such share become cumulative (called the "Date of Cumulation" with respect to the Preference Stock" to and including the date to which such dividends are to be accrued, less the aggregate amount of all dividends theretofore paid thereon;

(d) The term "Date of Final Distribution" shall mean the date on which distribution or payment in liquidation is actually made to the holders of Preference Stock; but if written notice of the terms and manner of distribution or payment shall have been mailed to the holders of Preference Stock by the Corporation (or by a receiver, trustee or other liquidator of the Corporation) at least five days prior to the date on which such distribution or payment shall be made available to such holders against surrender of their certificates, then the term "Date of Final Distribution" shall mean the date on which such distribution or payment has been made available to such holders against surrender of their certificates.

COMMON STOCK

(1) Dividends. Out of any assets of the Corporation legally available therefor remaining after Accrued Dividends to the end of the then current dividend period upon the Preferred Stock and Preference Stock of all series then outstanding shall have been paid or declared and the sum sufficient for the payment thereof set apart for such payment, and after setting aside the sum or sums there or theretofore required to be set aside as a Sinking Fund provided for any one or more series of the Preferred Stock and Preference Stock, then and not otherwise the holders of Common Stock shall, subject to the provisions of this Article Four of the Corporation's Amended and Restated Articles of Incorporation and of the terms of any resolution of the Board of Directors establishing and designating any series of the Preferred Stock or Preference Stock and fixing and determining the relative rights and preferences thereof, be entitled to receive such dividends as may from time to time be declared by the Board of Directors.

(2) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation, after there shall have been paid or set aside in case for the holders of the Preferred Stock and Preference Stock the full preferential amounts to which they are entitled under the provisions of this Article Four of the Corporation's Amended and Restated Articles of Incorporation, the holders of the Common Stock shall be entitled to receive pro rata all of the remaining assets of the Corporation available for distribution to its stockholders.

(3) Voting Rights; Cumulative Voting. At all meetings of the stockholders, every registered holder of Common Stock shall be entitled to vote and shall have one vote for each share standing in his name on the books of the Corporation on any record date fixed for such

purpose or, if no such date be fixed, on the date of such meeting; provided that (so long as the laws of Kentucky shall so require) in all elections for directors, such stockholder shall have the right to cast as many votes in the aggregate as he shall be entitled to vote hereunder multiplied by the number of directors to be elected at such election, and he may cast the whole number of votes for one candidate, or distribute such votes among two or more candidates.

ARTICLE V

8.47% SERIES PREFERENCE STOCK
45,000 shares, with a par value of $100 per share (herein sometimes referred to as the "8.47% Series")

The rights and preferences, and restrictions and qualification thereof, of the 8.47% Series, in addition to those set forth with respect to the Preference Stock in Article Four of the Charter and Articles of Incorporation of the Corporation, as amended (the Amended and Restated Articles of Incorporation as so amended being referred to as the "Amended and Restated Articles of Incorporation"), are hereby fixed as follows:

(a) The annual dividend rate payable on shares of the 8.47% Series shall be 8.47% of the par value of said shares, and no more, and the Date of Cumulation (as defined in Article Four of the Amended and Restated Articles of Incorporation) on all shares of the 8.47% Series issued prior to the record date for the first dividend shall be the date of issuance.

(b) (i) The shares of the 8.47% Series shall not be redeemable prior to December 1, 2001 at the option of the Corporation.

(ii) The shares of the 8.47% Series may be redeemed at any time, or from time to time, on or after December 1, 2001 at the option of the Corporation, in whole or in part, upon payment of a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends (as defined in Article Four of the Amended and Restated Articles of Incorporation) thereon to the date of redemption plus (3) a premium equal to the Make-Whole Premium (hereinafter defined).

The Make-Whole Premium shall be determined five (5) business days prior to the date fixed for redemption. Notice of the Make-Whole Premium, if any, together with the calculations, in reasonable detail, used to determine any such premium shall be given to each holder of the 8.47% Series on the day it is determined, by telecopy or other same-day communication.

"Make-Whole Premium" shall mean, in connection with any redemption, the excess, if any, of (i) the aggregate present value as of the date of such redemption of the par value of the shares of the 8.47% Series being redeemed and the amount of dividends (exclusive of dividends accumulated tot the date of redemption) that would have been payable in respect of such shares if such redemption had not been made (assuming all such shares would otherwise be redeemed on December 1, 2036), said present value to be determined by discounting such amount at the Reinvestment Rate (thereinafter defined) from the respective dates on which such amounts would have been payable, over (ii) 100% of the par value of the outstanding shares of the 8.47% Series being redeemed if the Reinvestment Rate is quail to or higher than 8.47%, the Make-Whole

Premium shall be zero.

"Reinvestment Rate" shall mean the sum of (i) 0.4% plus (ii) the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release (hereinafter defined) under the caption "Treasury Constant Maturities" for the maturity date of December 1, 2036. If no maturity exactly corresponds to such date, yields for the two published maturities most closely corresponding to such date shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of not less than 66-2/3% of the outstanding shares of the 8.47% Series.

(iii) In addition to the option to redeem granted to the Corporation in clause (ii) of this subparagraph (b), at any time during the period of twelve (12) consecutive calendar months beginning on December 2, 2001 and ending November 30, 2012 both date inclusive, and during each like period of twelve (12) consecutive calendar months thereafter so long as any shares of the 8.47% Series remain outstanding, the Corporation may at its option redeem up to and including, but not exceeding, four thousand five hundred (4,500) shares of the 8.47% Series at a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends thereon to the date of redemption; provided, however, that the option of the Corporation to redeem up to and including, but not exceeding, four thousand five hundred (4,500) shares of the 8.47% Series during each such twelve (12) consecutive calendar month period at such redemption price shall not be cumulative and any shares redeemed during such period in excess thereto shall be redeemed at the redemption price specified in clause (ii) of this subparagraph (b).

(iv) If less than all outstanding shares of the 8.47% Series shall be redeemed at any time or times pursuant to the provisions of either clause (ii) or clause (iii) of this subparagraph (b), the shares to be redeemed shall be selected on a pro rata basis as nearly as practicable, in full shares only, according to the number of outstanding shares of the 8.47% Series held by each holder thereof.

(v) The Voluntary Liquidation Price (as defined in Article Four of the Amended and Restated Articles of Incorporation) for shares of the 8.47% Series shall be the sum of (1) $100 per share plus (2) Accrued Dividends to the date of redemption.

(vi) All then outstanding shares of the 8.47% Series shall be redeemed by the Corporation on December 1, 2036 at a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends thereon to the date of redemption; from and after December 1, 2036 and until the first to occur of (a) the date on which all such shares have been redeemed or (b) the date of Deposit (as defined in subdivision (5) of Article

Four of the Amended and Restated Articles of Incorporation) for the redemption of all such shares (assuming that proper notice of redemption and deposit of moneys has been made by the Corporation in compliance with Article Four of the Amended and Restated Articles of Incorporation), no dividend shall be paid or declared (except dividends payable solely in the Common Stock of the Corporation), nor shall any other distribution be made, on any Subordinate Stock (as defined in Article Four of the Articles of Incorporation) of the Corporation, nor shall any shares of Subordinated Stock be purchased or otherwise acquired for value by the Corporation.

(c) There shall not be any sinking, purchase or analogous fund for the redemption of the shares of the 8.47% Series.

(d) The holders of shares of the 8.47% Series shall have no rights of conversion, exchange or participation, nor any other preferences, or relative, participating, option or other special rights, qualifications, limitations or restrictions other than those specified therein and in the Articles of Incorporation, as amended.

ARTICLE VI

The duration of the Corporation is perpetual.

ARTICLE VII

The Corporation is formed for the following purposes:

To purchase, erect and maintain water and wastewater works and to supply water for public and private purposes;

To supply water and wastewater services for public and private purposes in the State of Kentucky as it deems appropriate for its purposes;

To purchase, lease, take or otherwise acquire and own, use, hold, sell, exchange, convey, lease, mortgage, work, improve, develop, subdivide, cultivate and otherwise handle, dispose of and deal in real estate, real property and any interest or right therein and to contract for and engage the services of other parties for the purpose of carrying on the same;

To perform all functions, reasonably attendant to implementing those purposes, to do anything necessary and proper for the accomplishment of those objects or necessary or incidental to the attainment of the purposes of the Corporation, and to exercise any powers which are granted to Corporations organized under The Business Corporation Law of Kentucky, as amended from time to time;

These are objects and purposes of the Corporation, and are not a limit, restraint or restriction in any manner on its powers.

ARTICLE VIII

The business of the Corporation shall be transacted within such counties within the State of Kentucky.

ARTICLE IX

The business of the Corporation shall be managed under the direction of a board of directors. Except as otherwise set forth in these Amended and Restated Articles of Incorporation, the number of directors shall be such as from time to time fixed by or in the manner provided in the By-laws, and such number may be altered from time to time in the manner provided in the By-laws or by amendment thereof adopted by the Board of Directors.

Kentucky-American Water Company

By _____
Cristy Wheeler
Secretary

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 5

Description of Filing Requirement:

Certificate of Good Standing

Response:

Please see attached for Certificate of Good Standing.

For electronic version, see KAW_APP_EX05_051526.pdf.

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Existence

Authentication number: 365919
Visit https://web.sos.ky.gov/ftshow/certvalidate.aspx to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY-AMERICAN WATER COMPANY

KENTUCKY-AMERICAN WATER COMPANY is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is September 15, 1927 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State; and is therefore in good standing.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 24th day of April, 2026, in the 234th year of the Commonwealth.

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
365919/0027327

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 6

Description of Filing Requirement:

Certified copy of a Certificate of Assumed Name

Response:

Please see attached.

For electronic version, see KAW_APP_EX06.051526.pdf.

COMMONWEALTH OF KENTUCKY

Michael G. Adams
Secretary of State

Certificate

I, Michael G. Adams, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

NAME RENEWAL OF

KENTUCKY AMERICAN WATER FILED JUNE 20, 2023.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 24th day of April, 2026.

COMMONWEALTH OF KENTUCKY
OFFICE OF SECRETARY OF STATE

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
BMarkey/0027327 - Certificate ID: 365950

26659309

Commonwealth of Kentucky
Michael G. Adams, Secretary of St

0027327
Michael G. Adams
KY Secretary of State
Received and Filed
6/20/2023 3:15:46 PM
Fee receipt: $20.00

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
http://www.sos.ky.gov

Certificate of Renewal of Assumed Name

RAN

Pursuant to the provisions of KRS 365.015(4), the undersigned hereby applies to renew an assumed name, and for that purpose, submits the following statements:

1. This certifies that the assumed name of the business entity is:

KENTUCKY AMERICAN WATER

2. The assumed name is being renewed by:

KENTUCKY-AMERICAN WATER COMPANY

4. The business entity is organized and existing in the state or country of

KY.

4. The mailing address of the business entity is:

2300 RICHMOND RD., LEXINGTON KY 40502

5. I declare under penalty of perjury under the laws of the state of Kentucky that the foregoing is true and correct.

Molly M. Van Over
6/20/2023

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 7

Description of Filing Requirement:

Customer Notices

Response:

Please see attached.

For electronic version, see KAW_APP_EX07_051526.pdf.

NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on May 15, 2026, an application with the Kentucky Public Service Commission proposing to increase annual water service revenues by approximately 10.88%. The proposed annual revenue increases by customer classification are: Residential: $14,115,881 or 16.52%; Commercial: $8,093,093 or 18.61%; Industrial: $1,040,621 or 22.92%; Other Public Authority: $60 or 0.0005%; Sales for Resale: $106,870 or 4.92%; Private Fire Service and Hydrants: $37,791 or 0.73%; Miscellaneous ("Bulk Sales of Water through Loading Stations"): $4,884 or 3.13%. The proposed annual revenue decreases by customer classification are: Public Fire Hydrants: $5,826,544 or 84.09%. The proposed effective date of rates is for service rendered on and after June 14, 2026. Kentucky American Water has requested proposed rates be implemented to all customer classifications as shown below:

KENTUCKY AMERICAN WATER/BLACK MOUNTAIN

Average Monthly Bills:

	Monthly Usage (gallons)	Current Average Bill	Proposed Average Bill	$ Change	% Change
Residential (5/8")	4,032	$51.60	$59.82	$8.22	15.93%
Commercial (5/8")	36,786	314.42	375.74	61.32	19.50%
Industrial (2")	1,691,047	12,139.30	14,574.09	2,434.79	20.06%
Other Public Authority (2")	126,350	1,175.03	1,170.88	(4.15)	(0.35%)
Sales for Resale (4")	1,194,780	10,422.40	10,978.81	556.41	5.34%
Miscellaneous (1")	8,905	99.22	96.10	(3.12)	(3.14%)
Private Fire Hydrant	N/A	120.00	120.00	0.00	0.00%
Public Fire Hydrant	N/A	75.00	11.53	(63.47)	(84.63%)
Private Fire Line (6")	N/A	125.55	125.55	0.00	0.00

Proposed Rate Change for all customers:

Monthly Service Charge by Meter Size:

Meter Size	Present Rate	Proposed Rate	$ Change	% Change
5/8"	$19.89	$21.70	$1.81	9.10%
3/4"	29.75	32.50	2.75	9.24%
1"	49.45	53.90	4.45	9.00%
1 ½"	98.95	108.00	9.05	9.15%
2"	158.40	172.80	14.40	9.09%
3"	296.85	323.90	27.05	9.11%
4"	494.85	539.90	45.05	9.10%
6"	989.40	1,079.40	90.00	9.10%
8"	1,583.05	1,727.10	144.05	9.10%

Consumption Charges:

	Present Rate		Proposed Rate		$ Change		
Class	Per 1,000 Gallons	Per 100 Gallons	Per 1,000 Gallons	Per 100 Gallons	Per 1,000 Gallons	Per 100 Gallons	% Change
Residential	$7.8656	$0.78656	$9.4547	$0.94547	$1.5891	$0.15891	20.20%
Commercial	8.0066	0.80066	9.6242	0.96242	1.6176	0.16176	20.20%
Industrial	7.0849	0.70849	8.5162	0.85162	1.4313	0.14313	20.20%
Other Public Authority	8.0347	0.80347	7.8881	0.78881	(0.1466)	(0.01466)	(1.82%)
Sales for Resale	8.3091	0.83091	8.7371	0.87371	0.4280	0.04280	5.15%

	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	% Change
Miscellaneous	$0.55892	$0.27946	$0.47387	$0.23694	($0.08505)	($0.04252)	(15.22%)

Fire Protection:

Private Fire Line Size	Current Monthly Rate	Proposed Monthly Rate	$ Change	% Change
2"	$14.00	$14.00	$0.00	0.00%
4"	56.00	56.00	0.00	0.00%
6"	125.55	125.55	0.00	0.00%
8"	223.00	223.00	0.00	0.00%
10"	348.25	348.25	0.00	0.00%
12"	521.25	521.25	0.00	0.00%
14"	502.00	502.00	0.00	0.00%
16"	891.50	891.50	0.00	0.00%
Private Fire Hydrant	120.00	120.00	0.00	0.00%
Public Fire Hydrant	75.00	11.53	(63.47)	(84.63%)

LIVINGSTON

Average Monthly Bills:

	Monthly Usage (gallons)	Current Average Bill	Proposed Average Bill	$ Change	% Change
Residential (5/8")	4,067	$52.71	$60.15	$7.44	14.11%
Commercial (5/8")	36,944	417.97	377.26	(40.71)	(9.74%)
Industrial (2")					
Other Public Authority (2")	No Livingston customers or service are currently classified as Industrial, Other Public Authority,				
Sales for Resale (4")	Sale for Resale, Miscellaneous, Private Fire Hydrant, Public Fire Hydrant or Private Fire Line.				
Miscellaneous (1")					
Private Fire Hydrant					
Public Fire Hydrant					
Private Fire Line (6")					

Proposed Rate Change for all customers:

Monthly Service Charge by Meter Size:

Meter Size	Present Rate	Proposed Rate	$ Change	% Change
5/8"	$29.74	$21.70	($8.04)	(27.03%)
3/4"	29.74	32.50	2.76	9.28%
1"	29.74	53.90	24.16	81.24%
1 ½"	29.74	108.00	78.26	263.15%
2"	29.74	172.80	143.06	481.04%
3"	29.74	323.90	294.16	989.11%
4"	29.74	539.90	510.16	1,715.40%
6"	29.74	1,079.40	1,049.66	3,529.46%
8"	29.74	1,727.10	1,697.36	5,707.33%

Consumption Charges:

	Present Rate		Proposed Rate		$ Change		
Class	Per 1,000 Gallons	Per 100 Gallons	Per 1,000 Gallons	Per 100 Gallons	Per 1,000 Gallons	Per 100 Gallons	% Change
Residential							
0-2,000 Gallons	$0.0000	$0.00000	$9.4547	$0.94547	$9.4547	$0.94547	New Rate
Over 2,000 Gallons	11.1100	1.11100	9.4547	0.94547	(1.6553)	(0.16553)	(14.90%)
Commercial							
0-2,000 Gallons	$0.0000	$0.00000	$9.6242	$0.96242	$9.6242	$0.96242	New Rate
Over 2,000 Gallons	11.1100	1.11100	9.6242	0.96242	(1.4858)	(0.14858)	(13.37%)
Industrial							
0-2,000 Gallons	$0.0000	$0.00000	$8.5162	$0.85162	$8.5162	$0.85162	New Rate
Over 2,000 Gallons	11.1100	1.11100	8.5162	0.85162	(2.5938)	(0.25938)	(23.35%)
Other Public Authority							
0-2,000 Gallons	$0.0000	$0.00000	$7.8881	$0.78881	$7.8881	$0.78881	New Rate
Over 2,000 Gallons	11.1100	1.11100	7.8881	0.78881	(3.2219)	(0.32219)	(29.00%)
Sales for Resale							
All Usage	$3.6900	$0.36900	$8.7371	$0.87371	$5.0471	$0.50471	136.78%

	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	% Change
Miscellaneous							
All Usage	$0.00000	$0.00000	$0.47387	$0.23694	$0.47387	$0.23694	New Rate

Fire Protection:

Private Fire Line Size	Current Monthly Rate	Proposed Monthly Rate	$ Change	% Change
2"	$0.00	$14.00	$14.00	New Rate
4"	$0.00	56.00	56.00	New Rate
6"	$0.00	125.55	125.55	New Rate
8"	$0.00	223.00	223.00	New Rate
10"	$0.00	348.25	348.25	New Rate
12"	$0.00	521.25	521.25	New Rate
14"	$0.00	502.00	502.00	New Rate
16"	$0.00	891.50	891.50	New Rate
Private Fire Hydrant	$0.00	120.00	120.00	New Rate
Public Fire Hydrant	$0.00	11.53	11.53	New Rate

BELL AND HICKMAN COUNTIES

Average Monthly Bills:

	Monthly Usage (gallons)	Current Average Bill	Proposed Average Bill	$ Change	% Change
Residential (5/8")	3,286	$38.31	$52.77	$14.46	37.74%
Commercial (5/8")	10,455	87.45	122.32	34.87	39.87%
Industrial (2")	327,859	1,889.49	2,964.91	1,075.42	56.92%
Other Public Authority (2")	21,788	275.58	344.67	69.09	25.07%
Sales for Resale (4")	No Bell and Hickman County customers or services are currently classified as Sale for Resale or Miscellaneous.				
Miscellaneous (1")					
Private Fire Hydrant	N/A	46.16	120.00	73.84	159.97%
Public Fire Hydrant	N/A	10.20	11.53	1.33	13.04%
Private Fire Line (6")	N/A	46.16	125.55	79.39	171.99%

Proposed Rate Change for all customers:

Monthly Service Charge by Meter Size:

Meter Size	Present Rate	Proposed Rate	$ Change	% Change
5/8"	$15.78	$21.70	$5.92	37.52%
3/4"	15.78	32.50	16.72	105.96%
1"	39.45	53.90	14.45	36.63%
1 ½"	78.89	108.00	29.11	36.90%
2"	126.22	172.80	46.58	36.90%
3"	236.66	323.90	87.24	36.86%
4"	394.44	539.90	145.46	36.88%
6"	788.87	1,079.40	290.53	36.83%
8"	0.00	1,727.10	1,727.10	New Rate

Consumption Charges:

	Present Rate		Proposed Rate		$ Change		
	Per 1,000	Per 100	Per 1,000	Per 100	Per 1,000	Per 100	%

Class	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons	Increase
Residential							
0-100,000 Gallons	$6.8550	$0.68550	$9.4547	$0.94547	$2.5997	$0.25997	37.92%
Over 100,000 Gallons	4.7300	0.47300	9.4547	0.94547	4.7247	0.47247	99.89%
Commercial							
0-100,000 Gallons	$6.8550	$0.68550	$9.6242	$0.96242	$2.7692	$0.27692	40.40%
Over 100,000 Gallons	4.7300	0.47300	9.6242	0.96242	4.8942	0.48942	103.47%
Industrial							
0-100,000 Gallons	$6.8550	$0.68550	$8.5162	$0.85162	$1.6612	$0.16612	24.23%
Over 100,000 Gallons	4.7300	0.47300	8.5162	0.85162	3.7862	0.37862	80.05%
Other Public Authority							
0-100,000 Gallons	$6.8550	$0.68550	$7.8881	$0.78881	$1.0331	$0.10331	15.07%
Over 100,000 Gallons	4.7300	0.47300	7.8881	0.78881	3.1581	0.31581	66.77%
Sales for Resale							
All Usage	$2.4890	$0.24890	$8.7371	$0.87371	$6.2481	$0.62481	251.03%
	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	Per 100 Gallons	Per 50 Gallons	% Change
Miscellaneous							
All Usage	$0.00000	$0.00000	$0.47387	$0.23694	$0.47387	$0.23694	New Rate

Fire Protection:

Private Fire Line Size	Current Monthly Rate	Proposed Monthly Rate	$ Change	% Change
2”	$46.16	$14.00	($32.16)	(69.67%)
4”	46.16	56.00	9.84	21.32%
6”	46.16	125.55	79.39	171.99%
8”	46.16	223.00	176.84	383.10%
10”	46.16	348.25	302.09	654.44%
12”	46.16	521.25	475.09	1,029.22%
14”	46.16	502.00	455.84	987.52%
16”	46.16	891.50	845.34	1,831.33%
Private Fire Hydrant	46.16	120.00	73.84	159.97%
Public Fire Hydrant	10.20	11.53	1.33	13.04%
Ambleside Private Fire Surcharge	4.59	4.59	0.00	0.00%

Kentucky American Water has also proposed additions to its tariff to include a System Improvement Program surcharge that would apply to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, Public and Private Fire Service classifications for qualified infrastructure investments. This surcharge would be calculated annually based on forecasted qualified infrastructure costs and applied to each customer’s monthly bill. Kentucky American Water is also proposing tariff revisions to (1) clarify its ability to inspect existing plumbing and (2) provide flexibility regarding the advance payment terms for private fire hydrants.

In the preceding paragraphs, "Black Mountain” refers to customers served by Black Mountain Utility District, as Kentucky American Water and Black Mountain have submitted a request to the Commission in Case No. 2026-00097 to transfer control of Black Mountain’s assets to Kentucky American Water. Kentucky American Water is also including a request in this rate case regarding the valuation of the Black Mountain acquisition. “Livingston” refers to customers served by the City of Livingston, as the Commission approved the transfer of Livingston’s assets to Kentucky American Water in Case No.2025-00364. “Bell and Hickman Counties” refers to customers served by Water Service Company of Kentucky, Inc., as the Commission approved the transfer of Water Service’s assets in those counties to Kentucky American Water in Case No. 2025-00171.

This application may be examined at the offices of Kentucky American Water located at 2300 Richmond Road in Lexington, Kentucky.

This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00 am – 4:30 pm or on the Commission’s website at http://psc.ky.gov.

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at http://psc.ky.gov.

The rates contained in this notice are the rates proposed by Kentucky American Water, but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 8

Description of Filing Requirement:

PSC Notice

Response:

Please see attached.

For electronic version, see KAW_APP_EX08_051526.pdf.

Case No. 2026-00094

STOLL KEENON OGDEN PLLC

LINDSEY W. INGRAM III
DIRECT DIAL: (859) 231-3982
DIRECT FAX: (859) 246-3672
L.Ingram@skofirm.com

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

April 15, 2026

RECEIVED
APR 15 2026
PUBLIC SERVICE COMMISSION

ELECTRONICALLY FILED

Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: Adjustment of Water Rates of Kentucky American Water

Dear Ms. Bridwell:

In conformity with 807 KAR 5:001, Section 16(2), this letter is to provide notice to the Public Service Commission of the Commonwealth of Kentucky of the intention of Kentucky American Water to file an Application for an increase in its water rates no earlier than 30 days from the date of this letter. The rate application will be supported by a fully forecasted test period. Enclosed please find a Notice of Election of Use of Electronic Filing Procedures. Please acknowledge receipt of this notice and assign a case number to the Application to be filed.

I hereby certify that this electronic filing is a true and accurate copy of the original documents in paper medium; that the electronic filing has been transmitted to the Commission on April 15, 2026; and that no party has been excused from participation by electronic means.

Very truly yours,

Lindsey W. Ingram III

Enclosure

Case No. 2026-00094

Notice of Election to Use Electronic Filing Procedures
Revised June 2014

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

In accordance with 807 KAR 5:001, Section 8, Kentucky American Water gives notice of its intent to file an application for adjustment of water rates with the Public Service Commission no later than 30-60 days after April 15, 2026 and to use the electronic filing procedures set forth in that regulation.

Kentucky American Water further states that:

		Yes	No
1.	It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;	xx	
2.	It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;	xx	
3.	Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment;		xx
4.	It or its authorized agents possess the facilities to receive electronic transmissions;	xx	
5.	The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:		

Name	Electronic Mail Address
Anne Trout	anne.trout@amwater.com
Emily Bytnar	emily.bytnar@amwater.com
Monica Braun	monica.braun@skofirm.com
Lindsey Ingram	L.Ingram@skofirm.com

6.	It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise.	xx	

Signed /s/ Lindsey Ingram

Name: Lindsey Ingram

Title: External Counsel for KAW

Address: SKO, 300 West Vine Street, Suite 2100
Lexington, KY 40507

Telephone Number: 859-231-3982

Monica H. Braun

From: Lindsey W. Ingram III
Sent: Wednesday, April 15, 2026 9:01 AM
To: PSC Executive Director
Cc: Horne, John G (KYOAG); Angela Goad (Angela.Goad@ky.gov); David Barberie (dbarberi@lexingtonky.gov); Anne E Trout; Robert Burton (Robert.Burton@amwater.com); Emily Bytnar (Emily.Bytnar@amwater.com); Monica H. Braun; Bridwell, Linda C (PSC)
Subject: KAW Water Rate Case
Attachments: KAW_NoticeLetter_041526.pdf; KAW Notice of Election.pdf

Ms. Bridwell:

Attached please find KAW's Notice of Intent to file a water rate case. Thank you.

Lindsey W. Ingram III
Member

Direct: 859.231.3982
Mobile: 859.221.0997
City: Lexington

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

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Kentucky American Water further states that:

		Yes	No
1.	It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible;	xx	
2.	It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission;	xx	
3.	Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment;		xx
4.	It or its authorized agents possess the facilities to receive electronic transmissions;	xx	
5.	The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff:		

Name	Electronic Mail Address
Anne Trout	anne.trout@amwater.com
Emily Bytnar	emily.bytnar@amwater.com
Monica Braun	monica.braun@skofirm.com
Lindsey Ingram	L.Ingram@skofirm.com

6.	It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise.	xx	

Signed /s/ Lindsey Ingram

Name: Lindsey Ingram

Title: External Counsel for KAW

Address: SKO, 300 West Vine Street, Suite 2100

Lexington, KY 40507

Telephone Number: 859-231-3982

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LEXINGTON, KY 40507-1801
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April 15, 2026

ELECTRONICALLY FILED

Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: Adjustment of Water Rates of Kentucky American Water

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I hereby certify that this electronic filing is a true and accurate copy of the original documents in paper medium; that the electronic filing has been transmitted to the Commission on April 15, 2026; and that no party has been excused from participation by electronic means.

Very truly yours,

Lindsey W. Ingram III

Enclosure

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 9

Description of Filing Requirement:

Reconciliation of Rate Base and Capital used to determine its Revenue Requirements.

Response:

	Forecast
13-Month Average Capital Structure	$792,367,182
13-Month Average Rate Base	735,665,485
Difference	$56,701,697
	Differences
Wastewater Assets	
UPIS	$18,392,437
CWIP	278,735
Accum Reserve	(8,077,104)
Accum COR	2,741,521
CIAC	(1,450,128)
	11,885,461
Other Differences, net	$44,816,236
Total Difference	$56,701,697
Rate Base	$735,665,485
Reconciling Differences	56,701,697
Capital Structure	$792,367,182

For electronic version, see KAW_APP_EX09_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 10

Description of Filing Requirement:

Prepared testimony of each witness the utility proposes to use to support its application, including testimony from the utility's Chief Officer in charge of Kentucky Operations.

Response:

All Testimony is included under separate cover.

For electronic version, refer to the files below:

FILE NAME	DESCRIPTION
KAW_DT_AB_051526.pdf	Ann E. Bulkley, Direct Testimony
KAW_DT_RB_051526.pdf	Robert Burton, Direct Testimony
KAW_DT_WL_051526.pdf	William A. Lewis, Direct Testimony
KAW_DT_JM_051526.pdf	John Magner, Direct Testimony
KAW_DT_RM_051526.pdf	Robert V. Mustich, Direct Testimony
KAW_DT_JN_051526.pdf	Jeffrey Newcomb, Direct Testimony
KAW_DT_RP_051526.pdf	Robert Prendergast, Direct Testimony
KAW_DT_CR_051526.pdf	Charles Rea, Direct Testimony
KAW_DT_LS_051526.pdf	Linda Schlessman, Direct Testimony
KAW_DT_JMW_051526.pdf	John Watkins, Direct Testimony
KAW_DT_JSW_051526.pdf	Joe Weiss, Direct Testimony

For electronic version of this document, see KAW_APP_EX10_051526.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 11

Description of Filing Requirement:

Capital construction budget with 3-year forecast

Response:

Please see attached.

For electronic version, see KAW_APP_EX11_051526.pdf.

KENTUCKY AMERICAN WATER
CASE NO. 2026-00094
PROPOSED CONSTUCTION EXPENDITURES

Description		2027	2028	2029
D12-**01-P	Projects Funded by Others	$5,250,000	$5,512,500	$6,063,750
	Normal Recurring Projects	67,924,920	67,190,465	71,359,544
R12-**T12	ITS Equipment and Systems - Enterprise Solutions	8,011,787	7,743,214	3,632,457
Current Investment Projects				
I12-020059	KRS2 Transfer Switch	750,000	0	0
I12-020097	Hall Booster	0	500,000	2,000,000
I12-020124	KRS 1 Dewatering	5,000,000	0	0
I12-30xxxx	KRS 2 Chlorine Gas Conversion	6,000,000	0	0
I12-02xx09	Hamburg Area Tank/ Pressure Improvements	500,000	5,000,000	0
I12-02xx13	Winchester Road Reinforcement	400,000	2,500,000	2,500,000
I12-020095	Mercer Rd Booster Station	2,000,000	0	0
I12-02xxxa	KRS1 Substation Replacement	1,250,000	0	0
I12-020127	KRS1 Traveling Screen Replacement	800,000	0	0
I12-02xxxb	RRS Operations Center	8,000,000	4,500,000	0
I12-02xxxd	Black Mountain Operations Center	1,000,000	1,000,000	0
I12-02XXXX	KRS1 Chemical Building Improvements	500,000	4,000,000	3,500,000
I12-02xx04	Woodlake Booster	750,000	2,250,000	0
I12-02xxx07	KRS 1 Rapid Mix Replacement	300,000	3,000,000	0
I12-02xxxe	Clays Mill Pump Station	0	500,000	2,750,000
I12-02xxxg	Middlesboro Operations Center	0	500,000	3,500,000
I12-02xxxh	RRS Site Traffic and Safety Improvements	0	0	1,250,000
I12-02xxxi	York Street Booster Station Replacement	0	500,000	2,500,000
I12-02xx08	JRES Dam Spillway Expansion	0	1,000,000	4,000,000
I12-02xx14	RRS Sedimentation Basin Improvement	0	1,000,000	9,000,000
I12-02xxxj	KRS1 Low Service Pump Replacement #4	0	700,000	2,500,000
I12-02xx02	KRS1 Sedimentation Basin Installation	0	0	1,000,000
I12-02xx10	RRS High Service Pump Station	0	0	1,000,000
I12-02xx12	KRS1 Filter Building	0	0	1,500,000
I12-02xx15	KRS1 Switch Gear Improvement	0	0	4,000,000
	Total	$108,436,706	$107,396,177	$122,055,752

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 12

Description of Filing Requirement:

Description of Forecast Factors used in preparing Kentucky-American Water's Forecasted Period is incorporated in each witness's prefiled testimony.

Response:

Description of Forecast Factors used in preparing Kentucky-American Water's Forecasted Period is incorporated in each witness's prefiled testimony.

For electronic version, see KAW_APP _EX12_051526.pdf for this document and refer to KAW_APP _EX10_051526.pdf for electronic file names for each witness's prefiled testimony.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 13

Description of Filing Requirement:

Annual and monthly budget for the twelve month preceding the filing date, the base period and the forecasted period.

Response:

Please see attached for the annual and monthly budgets for the 12 months preceding the filing date, the base period, and the forecast period.

For electronic version, see KAW_APP_EX13_051526.pdf for this document.

Kentucky-American Water Company
Case No. 2026-00094
Budget for the 12 Months Preceding the Filing Date May 2025 - April 2026, Water Business Units Only

Line	Line Description	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Total May 25 - Apr 26
P02	Water revenues - residential	$6,621,422	$6,829,640	$6,974,710	$6,987,095	$6,824,132	$6,606,754	$6,134,754	$6,222,547	$6,184,377	$6,231,877	$6,531,346	$6,640,617	$78,789,274
P03	Water revenues - commercial	3,128,325	3,231,275	3,374,160	3,473,794	3,396,207	3,280,501	2,909,422	2,826,133	2,783,527	2,827,655	2,983,182	3,081,779	37,295,961
P04	Water revenues - industrial	265,792	322,547	348,216	363,035	322,499	295,284	267,457	224,702	273,336	247,185	256,567	259,932	3,446,553
P05	Water revenues - public fire	521,327	521,327	521,327	521,327	521,327	521,327	521,327	521,327	521,327	524,465	528,680	530,690	6,275,776
P06	Water revenues - private fire	317,035	316,232	316,521	315,436	314,925	312,719	312,808	312,321	318,089	368,762	371,237	370,694	3,946,779
P07	Water revenues - public authority	862,827	943,886	989,647	980,594	917,525	856,706	721,609	654,986	655,705	696,054	752,988	797,754	9,830,280
P08	Water revenues - sales for resale	166,361	184,990	191,806	178,478	173,282	141,446	119,147	119,286	147,558	115,194	118,773	136,028	1,792,348
P09	Water revenues - other	8,930	9,050	9,307	10,164	9,974	11,043	8,252	7,992	7,931	10,789	10,267	10,588	114,288
P11	Other revenues	182,953	179,904	178,621	188,618	183,357	173,381	171,624	192,338	157,958	163,728	185,976	176,040	2,134,497
	Total Revenues	12,074,972	12,538,851	12,904,315	13,018,539	12,663,229	12,199,162	11,166,400	11,081,633	11,049,808	11,185,710	11,739,016	12,004,122	143,625,756
P13	Purchased water	31,740	31,740	17,740	17,740	17,740	17,740	17,740	17,740	31,735	20,929	18,539	19,083	260,205
P14	Fuel and power	593,568	461,007	418,313	467,930	471,795	517,685	517,889	437,754	598,906	383,987	498,907	433,180	5,800,922
P15	Chemicals	436,352	513,115	524,454	563,197	457,920	485,111	322,557	255,716	433,759	327,352	468,389	452,783	5,240,705
P16	Waste disposal	63,223	68,338	69,077	69,704	65,410	64,206	55,950	55,823	56,945	60,065	60,065	60,065	748,871
P17	Salaries and wages	783,761	792,702	817,206	750,328	839,284	830,147	738,390	886,823	816,412	783,081	925,905	856,580	9,820,619
P18	Pension expense	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	7,690	6,108	6,108	6,108	87,536
P19	OPEB expense	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	572	572	572	12,714
P20	Group insurance expense	143,866	143,866	143,866	143,866	147,314	147,314	147,314	147,314	155,595	160,444	160,444	160,444	1,801,643
P21	Other benefits	70,238	65,027	67,087	67,276	64,210	62,190	66,559	72,768	64,971	70,849	73,781	76,818	821,774
P22	Service Company Costs	1,062,074	1,272,403	1,099,198	1,026,890	1,225,488	1,092,406	986,544	1,235,773	1,133,826	1,181,788	1,436,688	1,232,727	13,985,807
P23	Contracted services	123,117	184,665	153,417	102,996	163,615	125,508	123,390	180,992	98,029	109,995	103,805	142,005	1,611,535
P24	Building Maintenance and Services	60,469	54,632	60,263	76,379	62,623	68,467	72,780	85,076	66,354	88,255	77,264	79,881	852,441
P25	Telecommunication expenses	30,078	30,078	30,078	30,078	30,078	30,078	30,078	30,078	30,078	29,656	29,656	29,656	359,672
P26	Postage, printing and stationary	4,432	4,294	4,824	5,426	3,596	3,990	3,748	3,432	4,768	900	1,815	11,375	52,599
P27	Office supplies and services	25,941	26,088	26,919	27,798	30,022	35,810	32,823	36,629	20,666	24,910	24,836	23,498	335,941
P28	Advertising & marketing expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
P29	Employee related expense travel & ent	10,616	11,386	5,465	10,681	12,862	7,806	12,866	14,789	3,731	12,044	13,170	11,184	126,600
P30	Miscellaneous expenses	60,281	64,360	74,831	111,590	69,684	16,866	89,862	72,800	64,454	67,226	79,276	73,587	844,817
P31	Rents	3,804	2,981	2,012	2,875	4,317	2,285	3,577	1,802	3,551	4,132	3,371	4,922	39,628
P32	Transportation	71,550	77,326	57,651	46,909	92,176	58,261	73,821	66,168	75,160	43,425	43,389	44,312	750,148
P33	Uncollectible accounts expense	74,121	50,775	52,404	54,553	40,931	40,570	41,743	43,014	55,929	67,846	71,180	72,770	665,838
P34	Customer accounting, other	8,250	8,250	8,256	8,250	8,250	8,250	8,250	8,250	8,250	8,417	8,417	8,417	99,506
P35	Regulatory expense	28,599	28,599	28,599	28,599	28,599	28,599	28,599	28,599	28,599	79,974	79,974	79,974	497,312
P36	Insurance other than group	150,207	150,207	150,207	150,207	150,207	150,207	150,207	150,207	150,207	167,277	167,277	167,277	1,853,692
P37	Maintenance supplies and services	137,441	191,361	128,842	256,221	327,475	168,777	194,376	374,813	61,671	245,528	220,805	217,515	2,524,823
	Total O&M	3,982,641	4,242,113	3,949,621	4,028,406	4,322,508	3,971,184	3,727,976	4,215,271	3,972,509	3,944,757	4,573,631	4,264,730	49,195,347
P40	Depreciation	2,383,024	2,403,003	2,431,750	2,466,091	2,485,894	2,483,732	2,513,596	2,529,004	2,322,789	2,389,158	2,398,723	2,403,797	29,210,561
P41	Amortization	7,379	7,379	7,379	7,379	7,379	7,379	7,379	7,379	7,379	7,337	7,337	7,337	88,421
P42	Removal costs, net	327,857	330,627	335,726	339,128	341,946	346,370	349,313	350,885	317,767	337,488	339,095	341,523	4,057,725
P43	Current federal income taxes - operating	815,333	857,822	992,755	999,710	844,433	803,505	619,710	464,292	574,907	621,529	643,741	743,002	8,980,740
P44	Current state income taxes - operating	0	0	0	0	0	0	0	0	0	0	0	0	0
P45	Deferred federal income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P46	Deferred state income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P47	Amortization of investment tax credits	0	0	0	0	0	0	0	0	0	0	0	0	0
P48	General taxes	965,880	963,526	967,510	962,712	966,062	968,374	957,824	968,906	975,647	1,005,569	996,681	996,272	11,694,962
	Total Other Operating Expenses	4,499,473	4,562,357	4,735,119	4,775,020	4,645,714	4,609,359	4,447,822	4,320,466	4,198,489	4,361,082	4,385,578	4,491,931	54,032,409
	Utility Operating Income	3,592,858	3,734,380	4,219,575	4,215,114	3,695,007	3,618,619	2,990,602	2,545,896	2,878,810	2,879,871	2,779,808	3,247,461	40,398,000
P49	Gain/Loss on sale of assets	0	0	0	0	0	0	0	0	0	(125,000)	(125,000)	(125,000)	(375,000)
P51	Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
P52	Allowance for funds used during construction	(74,152)	(77,183)	(70,273)	(85,593)	(82,115)	(65,764)	(71,497)	(68,259)	(47,595)	(49,181)	(60,701)	(74,835)	(827,148)
P55	Miscellaneous Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
P56	Other miscellaneous deductions	(23,832)	(23,886)	(23,886)	(23,516)	(23,416)	(23,886)	(23,886)	(22,229)	(22,897)	(31,502)	(24,946)	(34,378)	(302,261)
P59	Interest on long-term debt	1,104,128	1,099,865	1,104,128	1,101,997	1,124,365	1,153,128	1,148,865	1,153,128	1,052,997	1,181,785	1,194,037	1,187,911	13,606,334
P60	Interest on short-term debt	34,840	44,152	59,336	60,454	48,347	42,573	42,828	58,664	106,904	19,469	22,730	51,445	591,741
P62	Allowance for borrowed funds used during cons	(44,929)	(46,764)	(42,581)	(51,856)	(49,750)	(39,851)	(43,322)	(41,361)	(28,851)	(20,905)	(25,801)	(31,809)	(467,781)
P63	Amortization of debt expense	21,958	21,930	21,958	21,944	22,139	22,375	22,347	22,375	21,528	25,232	25,303	25,268	274,357
P65	Common Dividends	0	4,189,807	0	0	4,189,807	0	0	4,189,807	0	0	5,006,716	0	17,576,137
	Other Net Deductions	1,018,013	5,207,922	1,048,681	1,023,430	5,229,377	1,088,573	1,075,335	5,292,124	1,082,085	999,899	6,012,337	998,602	30,076,379
	Net Income	$2,574,845	($1,473,541)	$3,170,894	$3,191,684	($1,534,370)	$2,530,046	$1,915,266	($2,746,228)	$1,796,725	$1,879,972	($3,232,529)	$2,248,858	$10,321,621

Excel Reference:

Kentucky American Water
Case No. 2026-00094
Budgeted Construction Expenditures, Adjusted with Known and Measurable Changes, Water Business Units Only
For the Twelve Months Preceding Filing

Recurring Project	Project #	Description	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	Total
DV	D12-**01-P	Projects Funded by Others	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$4,500,000
A	R12-**A1	Mains - New	53,063	60,595	95,889	122,696	123,089	123,258	107,236	12,346	0	0	125,000	100,000	923,172
B	R12-**B1	Mains - Replaced / Restored	3,109,044	3,418,145	3,333,479	3,022,838	2,013,867	2,005,458	1,982,175	1,301,951	625,206	625,206	2,010,000	2,260,000	25,707,371
C	R12-**C1	Mains - Unscheduled	85,446	58,148	57,961	56,235	86,262	177,020	189,865	354,168	289,130	186,000	265,000	240,000	2,045,234
D	R12-**D1	Mains - Relocated	184,125	322,885	324,005	187,005	85,486	45,971	25,282	21,178	16,800	17,800	(782,000)	(790,000)	(341,463)
E	R12-**E1	Hydrants, Valves, and Manholes - New	55,130	59,768	59,800	55,300	41,813	37,936	5,330	4,192	3,550	4,800	15,000	17,500	360,118
F	R12-**F1	Hydrants, Valves, and Manholes - Replaced	131,417	186,419	287,424	288,411	286,162	285,137	385,020	207,520	37,450	39,300	82,900	126,800	2,343,961
G	R12-**G1	Services and Laterals - New	375,540	376,180	376,808	339,671	277,037	275,397	296,128	105,558	200,550	167,800	206,000	209,000	3,205,669
H	R12-**H1	Services and Laterals - Replaced	120,577	120,728	120,880	120,880	96,058	71,746	59,019	173,426	57,600	69,936	140,328	140,328	1,291,507
I	R12-**I1	Meters - New	4,587	7,103	7,119	4,619	4,603	4,587	1,064	798	0	0	0	0	34,477
J	R12-**J1	Meters - Replaced	1,067,930	1,269,316	1,270,602	1,070,502	1,069,219	1,067,358	641,179	353,670	440,787	535,601	245,555	922,218	9,953,936
K	R12-**K1	ITS Equipment and Systems	76,186	96,442	86,634	57,210	56,254	56,062	56,057	33,773	18,000	28,000	120,016	117,500	802,135
L	R12-**L1	SCADA Equipment and Systems	173	165,806	1,056	1,056	165,806	139,689	119,386	62,682	0	0	112,971	227,558	996,182
M	R12-**M1	Security Equipment and Systems	76,147	76,333	76,442	59,333	49,160	46,974	35,323	28,471	26,500	44,000	0	115,000	633,683
N	R12-**N1	Offices and Operations Centers	18,217	17,836	17,836	17,836	17,836	151,186	78,404	78,846	50,000	5,500	50,000	55,000	558,498
O	R12-**O1	Vehicles	116,282	151,923	152,659	117,659	137,563	180,750	181,234	56,064	0	0	150,000	75,000	1,319,135
P	R12-**P1	Tools and Equipment	33,125	33,125	33,125	33,125	185,092	186,060	187,913	111,408	27,999	77,500	55,000	75,000	1,038,472
Q	R12-**Q1	Tools and Equipment	379,174	382,632	384,395	382,895	380,370	374,255	330,391	171,483	67,475	78,328	677,523	112,451	3,721,372
S	R12-**S1	Tools and Equipment	7,022	7,028	7,033	6,328	6,324	6,118	6,117	4,789	107,400	106,900	180,000	180,000	625,059
		Subtotal:	**$6,268,183**	**$7,185,411**	**$7,068,147**	**$6,318,600**	**$5,457,001**	**$5,609,960**	**$5,062,125**	**$3,457,325**	**$2,343,448**	**$2,361,672**	**$4,028,293**	**$4,558,355**	**$59,718,520**

Enterprise Solutions Project	Project #	Description													
T	R12-**T12	ITS Equipment and Systems - Enterprise Solutions	502,694	502,694	502,694	502,694	502,694	502,694	502,694	502,694	496,878	434,955	787,135	790,805	$6,531,325
															0
		Subtotal:	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$496,878**	**$434,955**	**$787,135**	**$790,805**	**$6,531,325**

Investment Project	Project #	Desription:													
IP	I12-020059	KRS2 Transfer Switch	722	727	732	736	741	100,086	56,576	48,184	22,072	192,670	0	100,000	523,246
IP	I12-020082	KRS1 UV Facility	145,343	145,343	29,446	29,446	29,446	62,559	62,559	62,559	220,121	110,066	400,000	450,000	1,746,888
IP	I12-020102	KRS1 Low Service Pump Replacement	-	-	-	-	-	-	-	-	2,201,320	799,499	-	-	3,000,819
IP	I12-020124	KRS 1 Dewatering	223,126	224,556	225,995	28,764	28,948	29,134	29,321	29,509	275,139	275,292	75,000	275,000	1,719,785
IP	I12-30xxxx	KRS 2 Chlorine Gas Conversion	-	-	-	-	-	-	-	-	33,017	33,035	-	-	66,051
IP	I12-02xx09	Hamburg Area Tank/ Pressure Improvements	-	-	-	-	-	-	-	-	165,083	165,174	-	-	330,257
IP	I12-02xx13	Winchester Road Reinforcement	-	-	-	-	-	-	-	-	165,083	165,174	-	-	330,257
IP	I12-020095	Mercer Rd Booster Station	-	-	-	-	-	-	-	-	20,761	77,050	-	-	97,811
IP	I12-020118	Jacobson Reservoir Outlet Improvements	113,061	334,541	336,685	338,842	341,014	330,075	220,050	66,937	110,025	89,975	1,242,691	1,169,459	4,693,356
IP	I12-020120	RRS Maintenance Facility	-	-	-	-	-	-	-	-	-	-	20,000	30,000	50,000
IP	I12-02xxxa	KRS1 Substation Replacement	-	-	-	-	-	-	-	-	-	-	35,000	-	35,000
IP	I12-020127	KRS1 Traveling Screen Replacement	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000
IP	I12-300013	Owenton Booster Station	-	-	198,045	1,955	-	-	-	-	-	-	453,308	237,582	890,891
IP	I12-02xxxx	Rockwell Road Reinforcement	2,684	2,701	223,473	335,283	337,432	339,594	220,050	119,989	-	-	-	-	1,581,206
		Subtotal:	**484,937**	**$707,868**	**$1,014,376**	**$735,027**	**$737,581**	**$861,448**	**$588,556**	**$327,178**	**$3,212,621**	**$1,907,935**	**$2,240,999**	**$2,262,042**	**$15,080,568**
		TOTAL WATER SCEP:	**$7,255,814**	**$8,395,973**	**$8,585,217**	**$7,556,321**	**$6,697,276**	**$6,974,102**	**$6,153,375**	**$4,287,198**	**$6,052,946**	**$4,704,562**	**$7,056,427**	**$7,611,202**	**$81,330,413**

Kentucky-American Water Company
Case No. 2026-00094
Budget for the Base Year September 2025 - August 2026, Water Business Units Only

Line	Line Description	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Total
P02	Water revenues - residential	$6,824,132	$6,606,754	$6,134,754	$6,222,547	$6,184,377	$6,231,877	$6,531,346	$6,640,617	$7,206,609	$7,889,946	$8,121,899	$8,216,980	$82,811,839
P03	Water revenues - commercial	3,396,207	3,280,501	2,909,422	2,826,133	2,783,527	2,827,655	2,983,182	3,081,779	3,331,184	3,473,060	3,689,301	3,806,979	38,388,930
P04	Water revenues - industrial	322,499	295,284	267,457	224,702	273,336	247,185	256,567	259,932	290,204	318,163	348,342	348,772	3,452,445
P05	Water revenues - public fire	521,327	521,327	521,327	521,327	521,327	524,465	528,680	530,690	538,210	543,414	547,828	549,351	6,369,271
P06	Water revenues - private fire	314,925	312,719	312,808	312,321	318,089	368,762	371,237	370,694	374,958	379,201	383,111	381,570	4,200,395
P07	Water revenues - public authority	917,525	856,706	721,609	654,986	655,705	696,054	752,988	797,754	886,896	971,488	1,061,636	1,087,535	10,060,883
P08	Water revenues - sales for resale	173,282	141,446	119,147	119,286	147,558	115,194	118,773	136,028	145,377	208,899	196,962	198,785	1,820,735
P09	Water revenues - other	9,974	11,043	8,252	7,992	7,931	10,789	10,267	10,588	13,777	12,327	11,777	14,003	128,720
P11	Other revenues	183,357	173,381	171,624	192,338	157,958	163,728	185,976	176,040	203,794	195,352	213,689	178,910	2,196,147
	Total Revenues	12,663,229	12,199,162	11,166,400	11,081,633	11,049,808	11,185,710	11,739,016	12,004,122	12,991,009	13,991,849	14,574,544	14,782,884	149,429,365
P13	Purchased water	17,740	17,740	17,740	17,740	31,735	20,929	18,539	19,083	16,539	27,273	28,254	26,649	259,960
P14	Fuel and power	471,795	517,685	517,889	437,754	598,906	383,987	498,907	433,180	435,278	415,435	534,053	443,541	5,688,410
P15	Chemicals	457,920	485,111	322,557	255,716	433,759	327,352	468,389	452,783	476,004	481,170	534,711	519,828	5,215,300
P16	Waste disposal	65,410	64,206	55,950	55,823	56,945	60,065	60,065	60,065	60,065	63,398	63,398	63,398	728,788
P17	Salaries and wages	839,284	830,147	738,390	886,823	816,412	783,081	925,905	856,580	819,830	942,359	908,700	835,202	10,182,713
P18	Pension expense	7,690	7,690	7,690	7,690	7,690	6,108	6,108	6,108	6,108	6,108	6,108	6,108	81,206
P19	OPEB expense	1,222	1,222	1,222	1,222	1,222	572	572	572	572	572	572	572	10,115
P20	Group insurance expense	147,314	147,314	147,314	147,314	155,595	160,444	160,444	160,444	160,444	182,057	182,057	182,057	1,932,794
P21	Other benefits	64,210	62,190	66,559	72,768	64,971	70,849	73,781	76,818	78,878	92,686	92,134	92,986	908,829
P22	Service Company Costs	1,225,488	1,092,406	986,544	1,235,773	1,133,826	1,181,788	1,436,688	1,232,727	1,184,862	1,512,408	1,238,620	1,171,240	14,632,372
P23	Contracted services	163,615	125,508	123,390	180,992	98,029	109,995	103,805	142,005	94,699	201,030	166,044	160,278	1,669,390
P24	Building Maintenance and Services	62,623	68,467	72,780	85,076	66,354	88,255	77,264	79,881	77,232	74,796	78,472	97,435	928,634
P25	Telecommunication expenses	30,078	30,078	30,078	30,078	30,078	29,656	29,656	29,656	29,656	29,656	29,656	29,656	357,981
P26	Postage, printing and stationary	3,596	3,990	3,748	3,432	4,768	900	1,815	11,375	2,084	23,545	1,870	2,503	63,625
P27	Office supplies and services	30,022	35,810	32,823	36,629	20,666	24,910	24,836	23,498	21,865	20,647	23,086	68,708	363,501
P28	Advertising & marketing expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
P29	Employee related expense travel & ent	12,862	7,806	12,866	14,789	3,731	12,044	13,170	11,184	16,082	10,471	14,605	16,179	145,790
P30	Miscellaneous expenses	69,684	16,866	89,862	72,800	64,454	67,226	79,276	73,587	64,494	114,736	167,196	173,381	1,053,561
P31	Rents	4,317	2,285	3,577	1,802	3,551	4,132	3,371	4,922	4,758	3,807	4,036	4,091	44,648
P32	Transportation	92,176	58,261	73,821	66,168	75,160	43,425	43,389	44,312	43,344	43,706	43,240	43,666	670,667
P33	Uncollectible accounts expense	40,931	40,570	41,743	43,014	55,929	67,846	71,180	72,770	78,719	88,453	91,944	93,194	786,293
P34	Customer accounting, other	8,250	8,250	8,250	8,250	8,250	8,417	8,417	8,417	8,417	8,417	8,417	8,417	100,167
P35	Regulatory expense	28,599	28,599	28,599	28,599	28,599	79,974	79,974	79,974	79,974	82,057	82,057	82,057	709,061
P36	Insurance other than group	150,207	150,207	150,207	150,207	150,207	167,277	167,277	167,277	167,277	167,277	167,277	167,277	1,921,970
P37	Maintenance supplies and services	327,475	168,777	194,376	374,813	61,671	245,528	220,805	217,515	241,799	235,120	257,346	260,147	2,805,370
	Total O&M	4,322,508	3,971,184	3,727,976	4,215,271	3,972,509	3,944,757	4,573,631	4,264,730	4,168,978	4,827,183	4,723,854	4,548,567	51,261,146
P40	Depreciation	2,485,894	2,483,732	2,513,596	2,529,004	2,322,789	2,389,158	2,398,723	2,403,797	2,422,940	2,474,468	2,475,164	2,496,034	29,395,300
P41	Amortization	7,379	7,379	7,379	7,379	7,379	7,337	7,337	7,337	7,337	7,337	7,337	7,337	88,254
P42	Removal costs, net	341,946	346,370	349,313	350,885	317,767	337,488	339,095	341,523	343,837	346,862	351,930	354,729	4,121,745
P43	Current federal income taxes - operating	844,433	803,505	619,710	464,292	574,907	621,529	643,741	743,002	988,051	1,101,003	1,211,739	1,297,238	9,913,151
P44	Current state income taxes - operating	0	0	0	0	0	0	0	0	0	0	0	0	0
P45	Deferred federal income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P46	Deferred state income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P47	Amortization of investment tax credits	0	0	0	0	0	0	0	0	0	0	0	0	0
P48	General taxes	966,062	968,374	957,824	968,906	975,647	1,005,569	996,681	996,272	994,742	1,007,662	1,010,946	1,006,124	11,854,810
	Total Other Operating Expenses	4,645,714	4,609,359	4,447,822	4,320,466	4,198,489	4,361,082	4,385,578	4,491,931	4,756,909	4,937,332	5,057,116	5,161,463	55,373,260
	Utility Operating Income	3,695,007	3,618,619	2,990,602	2,545,896	2,878,810	2,879,871	2,779,808	3,247,461	4,065,122	4,227,334	4,793,575	5,072,854	42,794,959
P49	Gain/Loss on sale of assets	0	0	0	0	0	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(875,000)
P51	Interest Income	0	0	0	0	0	0	0	0	(30,989)	(30,989)	0	0	(61,979)
P52	Allowance for funds used during construction	(82,115)	(65,764)	(71,497)	(68,259)	(47,595)	(49,181)	(60,701)	(74,835)	(84,935)	(96,103)	(105,282)	(102,027)	(908,295)
P55	Miscellaneous Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
P56	Other miscellaneous deductions	(23,416)	(23,886)	(23,886)	(22,229)	(22,897)	(31,502)	(24,946)	(34,378)	(30,362)	(30,441)	(29,587)	(30,031)	(327,561)
P59	Interest on long-term debt	1,124,365	1,153,128	1,148,865	1,153,128	1,052,997	1,181,785	1,194,037	1,187,911	1,265,157	1,313,705	1,285,007	1,285,007	14,345,093
P60	Interest on short-term debt	48,347	42,573	42,828	58,664	106,904	19,469	22,730	51,445	33,414	33,953	63,159	63,852	587,338
P62	Allowance for borrowed funds used during cons	(49,750)	(39,851)	(43,322)	(41,361)	(28,851)	(20,905)	(25,801)	(31,809)	(36,102)	(40,849)	(44,751)	(43,367)	(446,720)
P63	Amortization of debt expense	22,139	22,375	22,347	22,375	21,528	25,232	25,303	25,268	25,917	22,538	18,510	18,510	272,040
P65	Common Dividends	4,189,807	0	0	4,189,807	0	0	5,006,716	0	0	5,084,389	0	0	18,470,719
	Other Net Deductions	5,229,377	1,088,573	1,075,335	5,292,124	1,082,085	999,899	6,012,337	998,602	1,017,100	6,131,202	1,062,056	1,066,944	31,055,635
	Net Income	($1,534,370)	$2,530,046	$1,915,266	($2,746,228)	$1,796,725	$1,879,972	($3,232,529)	$2,248,858	$3,048,023	($1,903,868)	$3,731,519	$4,005,910	$11,739,324

Excel Reference:

Kentucky American Water
Case No. 2026-00094
Budgeted Construction Expenditures, Adjusted with Known and Measurable Changes, Water Business Units Only
For the Base Year Ending August 31, 2026

Recurring Project	Project #	Description	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Total
DV	D12-**01-P	Projects Funded by Others	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$375,000	$4,500,000
A	R12-**A1	Mains - New	123,089	123,258	107,236	12,346	0	0	125,000	100,000	0	0	0	0	590,929
B	R12-**B1	Mains - Replaced / Restored	2,013,867	2,005,458	1,982,175	1,301,951	625,206	625,206	2,010,000	2,260,000	2,293,986	2,010,000	1,925,000	2,000,000	21,052,850
C	R12-**C1	Mains - Unscheduled	86,262	177,020	189,865	354,168	289,130	186,000	265,000	240,000	219,078	221,000	215,000	215,000	2,657,522
D	R12-**D1	Mains - Relocated	85,486	45,971	25,282	21,178	16,800	17,800	(782,000)	(790,000)	(1,025,000)	50,000	575,000	775,000	(984,483)
E	R12-**E1	Hydrants, Valves, and Manholes - New	41,813	37,936	5,330	4,192	3,550	4,800	15,000	17,500	20,000	22,500	22,500	22,500	217,621
F	R12-**F1	Hydrants, Valves, and Manholes - Replaced	286,162	285,137	385,020	207,520	37,450	39,300	82,900	126,800	177,000	264,873	283,600	283,600	2,459,362
G	R12-**G1	Services and Laterals - New	277,037	275,397	296,128	105,558	200,550	167,800	206,000	209,000	306,500	316,500	391,500	385,000	3,136,970
H	R12-**H1	Services and Laterals - Replaced	96,058	71,746	59,019	173,426	57,600	69,936	140,328	140,328	119,000	98,500	103,500	103,500	1,232,942
I	R12-**I1	Meters - New	4,603	4,587	1,064	798	0	0	0	0	0	0	0	0	11,051
J	R12-**J1	Meters - Replaced	1,069,219	1,067,358	641,179	353,670	440,787	535,601	245,555	922,218	1,287,793	1,289,993	1,282,893	1,287,793	10,424,059
K	R12-**K1	ITS Equipment and Systems	56,254	56,062	56,057	33,773	18,000	28,000	120,016	117,500	66,080	107,000	0	0	658,743
L	R12-**L1	SCADA Equipment and Systems	165,806	139,689	119,386	62,682	0	0	112,971	227,558	208,122	147,608	175,570	215,570	1,574,962
M	R12-**M1	Security Equipment and Systems	49,160	46,974	35,323	28,471	26,500	44,000	0	115,000	155,000	200,000	183,000	85,000	968,428
N	R12-**N1	Offices and Operations Centers	17,836	151,186	78,404	78,846	50,000	5,500	50,000	55,000	65,000	45,000	45,000	45,000	686,772
O	R12-**O1	Vehicles	137,563	180,750	181,234	56,064	0	0	150,000	75,000	75,000	75,000	75,000	130,000	1,135,612
P	R12-**P1	Tools and Equipment	185,092	186,060	187,913	111,408	27,999	77,500	55,000	75,000	105,000	105,000	102,500	95,000	1,313,473
Q	R12-**Q1	Process Plant Facilities and Equipment	380,370	374,255	330,391	171,483	67,475	78,328	677,523	112,451	24,382	277,591	107,550	215,100	2,816,899
S	R12-**S1	Engineering Studies	6,324	6,118	6,117	4,789	107,400	106,900	180,000	180,000	200,000	105,000	105,000	105,000	1,112,647
		Subtotal:	**$5,457,001**	**$5,609,960**	**$5,062,125**	**$3,457,325**	**$2,343,448**	**$2,361,672**	**$4,028,293**	**$4,558,355**	**$4,671,941**	**$5,710,565**	**$5,967,613**	**$6,338,063**	**$55,566,361**

Enterprise Solutions Project	Project #	Description													
T	R12-**T12	ITS Equipment and Systems - Enterprise Solutions	502,694	502,694	502,694	502,694	496,878	434,955	787,135	790,805	789,293	792,171	789,714	789,359	$7,681,087
															0
		Subtotal:	**$502,694**	**$502,694**	**$502,694**	**$502,694**	**$496,878**	**$434,955**	**$787,135**	**$790,805**	**$789,293**	**$792,171**	**$789,714**	**$789,359**	**$7,681,087**

Investment Project	Project #	Desription:													
IP	I12-020059	KRS2 Transfer Switch	741	100,086	56,576	48,184	22,072	192,670	0	100,000	0	0	0	0	520,329
IP	I12-020082	KRS1 UV Facility	29,446	62,559	62,559	62,559	220,121	110,066	400,000	450,000	800,000	1,000,000	1,250,000	1,400,000	5,847,311
IP	I12-020102	KRS1 Low Service Pump Replacement	0	0	0	0	2,201,320	799,499	0	0	0	0	0	0	3,000,819
IP	I12-020124	KRS 1 Dewatering	28,948	29,134	29,321	29,509	275,139	275,292	75,000	275,000	100,000	100,000	100,000	75,000	1,392,343
IP	I12-30xxxx	KRS 2 Chlorine Gas Conversion	0	0	0	0	33,017	33,035	0	0	0	10,000	30,000	50,000	156,051
IP	I12-02xx09	Hamburg Area Tank/ Pressure Improvements	0	0	0	0	165,083	165,174	0	0	0	0	10,000	20,000	360,257
IP	I12-02xx13	Winchester Road Reinforcement	0	0	0	0	165,083	165,174	0	0	0	0	0	0	330,257
IP	I12-020095	Mercer Rd Booster Station	0	0	0	0	20,761	77,050	0	0	20,000	20,000	30,000	30,000	197,811
IP	I12-020118	Jacobson Reservoir Outlet Improvements	341,014	330,075	220,050	66,937	110,025	89,975	1,242,691	1,169,459	959,276	1,065,502	896,010	778,535	7,269,549
IP	I12-020120	RRS Maintenance Facility	0	0	0	0	0	0	20,000	30,000	0	150,000	450,000	350,000	1,000,000
IP	I12-020126	Owenton Sludge Press Improvements	0	0	0	0	0	0	0	0	0	300,000	300,000	0	600,000
IP	I12-02xxxa	KRS1 Substation Replacement	0	0	0	0	0	0	35,000	0	0	100,000	0	0	135,000
IP	I12-020127	KRS1 Traveling Screen Replacement	0	0	0	0	0	0	15,000	0	60,000	0	0	0	75,000
IP	I12-02xxxb	RRS Operations Center	0	0	0	0	0	0	0	0	0	100,000	100,000	100,000	300,000
IP	I12-300013	Owenton Booster Station	0	0	0	0	0	0	453,308	237,582	228,405	0	0	0	919,296
		Subtotal:	**$737,581**	**$861,448**	**$588,556**	**$327,178**	**$3,212,621**	**$1,907,935**	**$2,240,999**	**$2,262,042**	**$2,167,681**	**$2,845,502**	**$3,166,010**	**$2,803,535**	**$23,121,088**
		TOTAL WATER SCEP:	**$6,697,276**	**$6,974,102**	**$6,153,375**	**$4,287,198**	**$6,052,946**	**$4,704,562**	**$7,056,427**	**$7,611,202**	**$7,628,916**	**$9,348,238**	**$9,923,337**	**$9,930,957**	**$86,368,536**

Kentucky-American Water Company
Case No. 2026-00094
Budget for the Forecast Year January 2027 - December 2027, Adjusted to Remove Rate Case Results, Water Business Units Only

Line	Line Description	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Total
P02	Water revenues - residential	$6,380,705	$6,429,712	$6,738,689	$6,851,428	$7,435,388	$8,140,417	$8,379,735	$8,477,834	$7,040,769	$6,816,491	$6,329,507	$6,420,086	$85,440,760
P03	Water revenues - commercial	3,153,848	3,203,847	3,380,066	3,491,780	3,774,366	3,935,117	4,180,126	4,313,460	3,848,040	3,716,940	3,296,493	3,202,123	43,496,206
P04	Water revenues - industrial	359,502	325,107	337,448	341,874	381,688	418,461	458,153	458,719	424,164	388,370	351,770	295,537	4,540,793
P05	Water revenues - public fire	567,112	570,526	575,110	577,297	585,478	591,138	595,940	597,597	567,112	567,112	567,112	567,112	6,928,647
P06	Water revenues - private fire	393,854	456,598	459,662	458,989	464,270	469,523	474,364	472,457	389,937	387,206	387,316	386,714	5,200,891
P07	Water revenues - public authority	788,375	836,888	905,341	959,164	1,066,343	1,168,051	1,276,438	1,307,577	1,103,169	1,030,044	867,613	787,509	12,096,512
P08	Water revenues - sales for resale	176,147	137,512	141,784	162,382	173,542	249,371	235,121	237,298	206,854	168,850	142,230	142,397	2,173,489
P09	Water revenues - other	9,599	13,058	12,426	12,815	16,674	14,920	14,254	16,948	12,072	13,365	9,988	9,673	155,792
P11	Other revenues	176,300	182,740	207,571	196,481	227,459	218,036	238,502	199,685	204,648	193,514	191,553	214,672	2,451,162
	Total Revenues	12,005,442	12,155,989	12,758,097	13,052,211	14,125,207	15,205,034	15,852,635	16,081,574	13,796,765	13,281,892	12,143,581	12,025,823	162,484,251
P13	Purchased water	191,845	126,517	112,071	115,361	99,981	164,871	170,802	161,097	107,242	107,242	107,242	107,242	1,571,513
P14	Fuel and power	653,266	418,839	544,190	472,498	474,786	453,142	582,526	483,799	514,618	564,672	564,895	477,487	6,204,718
P15	Chemicals	436,355	329,312	471,192	455,493	478,853	484,050	537,912	522,940	460,661	488,015	324,488	257,247	5,246,517
P16	Waste disposal	54,338	57,315	57,315	57,315	57,315	60,495	60,495	60,495	62,415	61,266	53,388	53,267	695,419
P17	Salaries and wages	1,056,274	1,013,150	1,197,935	1,108,242	1,060,696	1,219,224	1,175,676	1,080,583	1,085,865	1,074,043	955,329	1,147,371	13,174,387
P18	Pension expense	9,642	7,658	7,658	7,658	7,658	7,658	7,658	7,658	9,642	9,642	9,642	9,642	101,814
P19	OPEB expense	(71,694)	(33,575)	(33,575)	(33,575)	(33,575)	(33,575)	(33,575)	(33,575)	(71,694)	(71,694)	(71,694)	(71,694)	(593,498)
P20	Group insurance expense	214,980	221,679	221,679	221,679	221,679	251,541	251,541	251,541	203,538	203,538	203,538	203,538	2,670,470
P21	Other benefits	79,791	87,010	90,611	94,341	96,871	113,829	113,151	114,197	78,857	76,376	81,742	89,366	1,116,141
P22	Service Company Costs	1,226,200	1,278,070	1,553,737	1,333,159	1,281,394	1,635,626	1,339,532	1,266,662	1,325,330	1,181,406	1,066,918	1,336,453	15,824,487
P23	Contracted services	132,890	149,112	140,721	192,506	128,376	272,522	225,094	217,277	221,801	170,142	167,271	245,358	2,263,070
P24	Building Maintenance and Services	83,523	111,091	97,257	100,550	97,216	94,150	98,777	122,646	78,826	86,183	91,612	107,089	1,168,919
P25	Telecommunication expenses	26,209	25,840	25,840	25,840	25,840	25,840	25,840	25,840	26,209	26,209	26,209	26,209	311,927
P26	Postage, printing and stationary	1,252	236	477	2,987	547	6,183	491	657	944	1,048	984	901	16,709
P27	Office supplies and services	31,535	38,011	37,899	35,857	33,365	31,507	35,228	104,844	45,812	54,644	50,086	55,894	554,681
P28	Advertising & marketing expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
P29	Employee related expense travel & ent	6,289	20,301	22,199	18,852	27,108	17,651	24,618	27,272	21,680	13,157	21,688	24,928	245,741
P30	Miscellaneous expenses	50,611	52,788	62,250	57,783	50,643	90,094	131,288	136,145	54,718	13,244	70,563	57,165	827,293
P31	Rents	7,520	8,749	7,137	10,421	10,076	8,060	8,546	8,662	9,142	4,838	7,573	3,815	94,540
P32	Transportation	68,447	39,547	39,514	40,354	39,473	39,802	39,378	39,765	83,943	53,057	67,228	60,258	610,765
P33	Uncollectible accounts expense	70,842	85,937	90,159	92,173	99,707	112,037	116,460	118,043	51,844	51,387	52,874	54,483	995,944
P34	Customer accounting, other	19,731	20,129	20,129	20,129	20,129	20,129	20,129	20,129	19,731	19,731	19,731	19,731	239,559
P35	Regulatory expense	28,826	80,608	80,608	80,608	80,608	82,707	82,707	82,707	28,826	28,826	28,826	28,826	714,681
P36	Insurance other than group	223,507	248,907	248,907	248,907	248,907	248,907	248,907	248,907	223,507	223,507	223,507	223,507	2,859,884
P37	Maintenance supplies and services	63,534	252,946	227,475	224,086	249,104	242,223	265,121	268,006	337,368	173,875	200,248	386,136	2,890,120
	Total O&M	4,665,713	4,640,174	5,323,383	4,983,222	4,856,755	5,648,672	5,528,302	5,336,297	4,980,824	4,614,354	4,323,886	4,904,218	59,805,800
P40	Depreciation	2,615,897	2,690,641	2,701,413	2,707,128	2,728,686	2,786,716	2,787,500	2,811,004	2,799,583	2,797,149	2,830,782	2,848,134	33,104,633
P41	Amortization	(1,925)	(1,914)	(1,914)	(1,914)	(1,914)	(1,914)	(1,914)	(1,914)	(1,925)	(1,925)	(1,925)	(1,925)	(23,028)
P42	Removal costs, net	364,315	386,925	388,768	391,551	394,204	397,672	403,482	406,691	392,036	397,108	400,482	402,284	4,725,519
P43	Current federal income taxes - operating	455,807	492,771	510,381	589,079	783,363	872,915	960,711	1,028,498	669,498	637,048	491,329	368,108	7,859,508
P44	Current state income taxes - operating	0	0	0	0	0	0	0	0	0	0	0	0	0
P45	Deferred federal income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P46	Deferred state income tax expense	0	0	0	0	0	0	0	0	0	0	0	0	0
P47	Amortization of investment tax credits	0	0	0	0	0	0	0	0	0	0	0	0	0
P48	General taxes	968,577	998,282	989,458	989,052	987,533	1,000,360	1,003,619	998,833	959,061	961,356	950,883	961,884	11,768,899
	Total Other Operating Expenses	4,402,670	4,566,705	4,588,106	4,674,895	4,891,873	5,055,749	5,153,398	5,243,111	4,818,253	4,790,735	4,671,550	4,578,485	57,435,530
	Utility Operating Income	2,937,058	2,949,110	2,846,608	3,394,094	4,376,579	4,500,613	5,170,935	5,502,165	3,997,689	3,876,803	3,148,145	2,543,121	45,242,920
P49	Gain/Loss on sale of assets	0	(17,857)	(17,857)	(17,857)	(17,857)	(17,857)	(17,857)	(17,857)	0	0	0	0	(125,000)
P51	Interest Income	0	0	0	0	(3,026)	(3,026)	0	0	0	0	0	0	(6,051)
P52	Allowance for funds used during construction	0	0	0	0	0	0	0	0	0	0	0	0	0
P55	Miscellaneous Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
P56	Other miscellaneous deductions	(20,154)	(27,728)	(21,957)	(30,260)	(26,725)	(26,795)	(26,043)	(26,433)	(20,611)	(21,025)	(21,025)	(19,567)	(288,322)
P59	Interest on long-term debt	1,393,451	1,563,880	1,580,092	1,571,986	1,674,207	1,738,451	1,700,475	1,700,475	1,487,895	1,525,957	1,520,316	1,525,957	18,983,142
P60	Interest on short-term debt	19,050	3,469	4,050	9,168	5,955	6,050	11,255	11,378	8,615	7,587	7,632	10,454	104,665
P62	Allowance for borrowed funds used during cons	0	0	0	0	0	0	0	0	0	0	0	0	0
P63	Amortization of debt expense	26,614	31,194	31,281	31,238	32,040	27,863	22,884	22,884	27,370	27,662	27,627	27,662	336,318
P65	Common Dividends	0	0	6,056,674	0	0	6,150,636	0	0	5,068,451	0	0	5,068,451	22,344,213
	Other Net Deductions	1,418,961	1,552,958	7,632,283	1,564,275	1,664,594	7,875,324	1,690,714	1,690,447	6,571,721	1,540,180	1,534,550	6,612,957	41,348,964
	Net Income	$1,518,097	$1,396,152	($4,785,676)	$1,829,820	$2,711,985	($3,374,711)	$3,480,221	$3,811,719	($2,574,032)	$2,336,624	$1,613,594	($4,069,836)	$3,893,956

Excel Reference: **Rate Base\[KAWC 2026 Rate Case - Capital-Depr Exp.xlsx]Exh 13 SCEP**

Kentucky American Water
Case No. 2026-00094
Budgeted Construction Expenditures, Adjusted with Known and Measurable Changes, Water Business Units Only
For the Twelve Months Preceding the End of the Forecast Period

Recurring Project	Project #	Description	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Total
DV	D12-**01-P	Projects Funded by Others	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$437,500	$5,250,000
A	R12-**A1	Mains - New	48,563	56,974	40,754	40,469	60,968	60,930	60,704	81,308	81,248	101,173	77,508	39,402	750,000
B	R12-**B1	Mains - Replaced / Restored	769,446	774,479	1,541,618	2,308,337	2,323,438	3,856,015	3,847,228	3,864,957	3,859,175	3,841,508	2,294,303	996,997	30,277,500
C	R12-**C1	Mains - Unscheduled	167,792	419,481	419,481	167,792	167,792	167,792	251,689	167,792	503,377	251,689	251,689	421,131	3,357,499
D	R12-**D1	Mains - Relocated	35,803	71,840	100,448	143,211	179,951	215,507	179,014	180,105	108,339	71,605	72,042	72,136	1,430,000
E	R12-**E1	Hydrants, Valves, and Manholes - New	9,647	9,647	9,647	9,647	13,506	17,365	24,118	24,118	24,118	19,295	15,918	16,220	193,249
F	R12-**F1	Hydrants, Valves, and Manholes - Replaced	85,136	85,136	255,409	340,545	340,545	340,545	340,545	255,409	255,409	340,545	340,545	431,029	3,410,800
G	R12-**G1	Services and Laterals - New	89,332	178,665	178,665	267,997	267,997	535,995	357,330	267,997	446,662	446,662	357,330	176,866	3,571,499
H	R12-**H1	Services and Laterals - Replaced	38,958	77,916	155,832	155,832	77,916	155,832	155,832	155,832	116,874	155,832	155,832	156,264	1,558,750
J	R12-**J1	Meters - Replaced	446,363	446,363	784,861	806,197	763,618	740,002	704,578	596,988	632,219	497,731	521,412	645,694	7,586,026
K	R12-**K1	ITS Equipment and Systems	43,775	87,550	87,550	65,662	109,437	109,437	87,550	65,662	65,662	65,662	65,662	22,302	875,911
L	R12-**L1	SCADA Equipment and Systems	128,010	256,020	256,020	192,015	320,023	320,023	256,020	192,015	192,015	192,015	192,015	65,262	2,561,457
M	R12-**M1	Security Equipment and Systems	46,028	92,055	92,055	69,042	115,069	115,069	92,055	69,042	69,042	69,042	69,042	23,457	921,000
N	R12-**N1	Offices and Operations Centers	24,364	48,726	48,726	48,726	48,726	48,726	48,726	121,815	121,815	121,815	121,815	171,018	975,000
O	R12-**O1	Vehicles	0	59,783	59,783	59,783	179,350	179,350	179,350	179,350	239,133	418,481	418,481	419,657	2,392,501
P	R12-**P1	Tools and Equipment	0	55,933	55,933	55,933	139,832	111,866	111,866	83,898	83,898	55,933	111,866	252,247	1,119,206
Q	R12-**Q1	Process Plant Facilities and Equipment	87,347	174,694	262,042	262,042	262,042	349,389	349,389	349,389	349,389	349,389	349,389	350,500	3,495,000
S	R12-**S1	Engineering Studies	172,476	172,476	172,476	344,952	172,476	258,714	258,714	258,714	431,190	431,190	431,190	344,952	3,449,520
		Subtotal:	**$2,630,540**	**$3,505,239**	**$4,958,800**	**$5,775,683**	**$5,980,188**	**$8,020,058**	**$7,742,208**	**$7,351,893**	**$8,017,068**	**$7,867,068**	**$6,283,540**	**$5,042,633**	**$73,174,920**
Enterprise Solutions Project	**Project #**	**Description**													
T	R12-**T12	ITS Equipment and Systems - Enterprise Solutions	883,363	883,363	883,363	753,117	753,117	753,117	617,437	534,002	534,002	534,002	441,451	441,451	$8,011,787
															0
		Subtotal:	**$883,363**	**$883,363**	**$883,363**	**$753,117**	**$753,117**	**$753,117**	**$617,437**	**$534,002**	**$534,002**	**$534,002**	**$441,451**	**$441,451**	**$8,011,787**
Investment Project	**Project #**	**Desription:**													
IP	I12-020059	KRS2 Transfer Switch	55,486	487,495	85,775	86,298	34,946	0	0	0	0	0	0	0	$750,000
IP	I12-020124	KRS 1 Dewatering	49,835	238,995	456,287	674,903	840,893	953,935	851,832	641,189	187,405	80,692	24,034	0	5,000,000
IP	I12-30xxxx	KRS 2 Chlorine Gas Conversion	56,244	164,505	543,219	762,365	874,929	934,220	885,956	783,438	680,295	314,828	0	0	6,000,000
IP	I12-02xx09	Hamburg Area Tank/ Pressure Improvements	3,230	3,250	24,853	46,588	79,248	79,731	80,216	80,705	59,614	26,905	9,420	6,240	500,000
IP	I12-02xx13	Winchester Road Reinforcement	0	0	0	32,375	54,156	54,486	54,818	55,152	55,489	55,827	35,273	2,423	400,000
IP	I12-020095	Mercer Rd Booster Station	1,341	1,349	1,357	271,159	488,647	491,626	494,622	249,898	0	0	0	0	2,000,000
IP	I12-02xxxa	KRS1 Substation Replacement	11,615	11,685	11,757	1,031,649	115,242	68,052	0	0	0	0	0	0	1,250,000
IP	I12-020127	KRS1 Traveling Screen Replacement	441,270	228,124	94,618	35,989	0	0	0	0	0	0	0	0	800,000
IP	I12-02xxxb	RRS Operations Center	3,657	3,679	3,702	3,724	327,500	1,084,919	1,091,531	1,098,184	1,104,877	1,111,612	1,226,304	940,311	8,000,000
IP	I12-02xxxd	Black Mountain Operations Center	53,959	108,246	108,906	109,570	0	10,792	10,858	0	0	162,694	216,827	218,148	1,000,000
IP	I12-02XXXX	KRS1 Chemical Building Improvements	0	0	16,188	27,078	32,639	38,234	54,654	81,967	82,467	66,782	56,397	43,595	500,000
IP	I12-02xx04	Woodlake Booster	0	0	53,959	81,267	108,742	109,405	110,071	110,742	76,884	57,927	25,905	15,099	750,000
IP	I12-02xxx07	KRS 1 Rapid Mix Replacement	0	0	26,979	43,331	43,596	43,861	54,920	44,463	28,547	10,678	1,806	1,817	300,000
		Subtotal:	**$676,637**	**$1,247,329**	**$1,427,599**	**$3,206,298**	**$3,000,537**	**$3,869,261**	**$3,689,479**	**$3,145,739**	**$2,275,577**	**$1,887,944**	**$1,595,966**	**$1,227,634**	**$27,250,000**
		TOTAL WATER SCEP:	**$4,190,541**	**$5,635,931**	**$7,269,762**	**$9,735,098**	**$9,733,842**	**$12,642,436**	**$12,049,124**	**$11,031,635**	**$10,826,648**	**$10,289,015**	**$8,320,956**	**$6,711,718**	**$108,436,706**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 14

Description of Filing Requirement:

Statement of Attestation signed by Kentucky-American Water Company's Chief Officer in charge of Kentucky Operations.

Response:

Please see attached.

For electronic version, see KAW_APP_EX14_051526.pdf.

KENTUCKY PUBLIC SERVICE COMMISSION

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Comes Robert Burton, President of Kentucky-American Water Company, and as required by 807 KAR 5:001, Section 16(7)(e), does hereby attest as follows:

1. That the forecast utilized by Kentucky-American Water Company in Case No. 2026-00094 is reasonable, reliable, made in good faith, and all basic assumptions used in the forecast have been identified and justified;

2. That the forecast utilized by Kentucky-American Water Company in Case No. 2026-00094 contains the same assumptions and methodologies as in the forecast prepared for use by management, except for the differences that have been identified and explained in the filing requirements and schedules thereto; and

3. That productivity and efficiency gains are included in the forecast.

Robert Burton

Date: May 5th, 2026

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 5TH day of May, 2026.

Notary Public

My Commission Expires:

July 31, 2029

Notary ID: KYNP26988

MOLLY MCCLEESE VAN OVER
NOTARY PUBLIC
COMMONWEALTH OF KENTUCKY
COMM. # KYNP26988
MY COMMISSION EXPIRES JULY 31, 2029

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 15

Description of Filing Requirement:

Information regarding major construction projects which constitute 5% or more of the annual construction budget.

Response:

Please see attached.

For electronic version, see KAW_APP_EX15_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-0094
MAJOR CONSTRUCTION PROJECTS
COMPRISING 5% OR MORE OF THE ANNUAL BUDGET

Investment Project Number	Project Description	Actual or Estimated Start Up Date	Estimated Completion Date	Estimated Costs Inclusive of AFUDC			Estimated Costs Exclusive of AFUDC			Costs incurred to Date * Inclusive of AFUDC	Costs Incurred to Date * Exclusive of AFUDC
				2027	2028	2029	2027	2028	2029		
I12-02XXXX	RRS Sedimentation Basin Improvement	2/1/2028	12/31/2029	$0	$1,000,000	$9,000,000		$966,959	$8,778,168	$0	$0
I12-30XX05	KRS 2 Chlorine Gas Conversion	7/1/2026	10/30/2027	$6,000,000	$0	$0	$5,836,779	$0	$0	$0	$0
I12-02XXXX	RRS Operations Center	6/1/2026	4/30/2028	$8,000,000	$4,500,000	$0	$7,776,651	$4,382,618	$0	$0	$0

*Represents project costs as of 3/31/2026

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 16

Description of Filing Requirement:

Information regarding major construction projects which constitute less than 5% of the annual construction budget.

Response:

Please see attached.

For electronic version, see KAW_APP_EX16_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-0094
MAJOR CONSTRUCTION PROJECTS
COMPRISING 5% OR LESS OF THE ANNUAL BUDGET

Investment Project Number	Project Description	Actual or Estimated Start Up Date	Estimated Completion Date	Estimated Costs Inclusive of AFUDC			Estimated Costs Exclusive of AFUDC			Costs incurred to Date * Inclusive of AFUDC	Costs Incurred to Date * Exclusive of AFUDC
				2027	2028	2029	2027	2028	2029		
Various	Aggregate of all Construction Costs incurred under 5% of the Annual Construction Budget	Various	Various	$13,250,000	$21,449,999	$32,000,000	$11,718,167	$19,747,892	$30,907,950	$0	$0

* Represents project costs as of 03/31/2026

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 17

Description of Filing Requirement:

Financial Forecast (for 2027-2029) Operating Income Statements

Response:

Please see attached.

For electronic version, see KAW_APP_EX17_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
PROJECTED ANNUAL INCOME STATEMENT

	2027	2028	2029
Operating Revenues	$162,484,251	$163,862,303	$165,243,328
Operating Expenses			
Operation & Maintenance	59,762,654	61,930,139	63,352,556
Depreciation and Amortization	37,807,123	43,291,625	46,142,653
General Taxes	11,768,899	12,826,724	14,060,094
Loss (gain) on Sale of Assets	0	0	0
Income Taxes	7,859,508	6,039,549	1,000,151
Total Operating Expenses	117,198,184	124,088,037	124,555,454
Utility Operating Income	45,286,067	39,774,266	40,687,874
Other Income	0	5,909	147,598
Total Income	45,286,067	39,780,175	40,835,471
Income Deductions	336,318	287,335	303,723
Income Before Interest	44,949,748	39,492,840	40,531,749
Interest Charges	17,904,528	19,088,153	21,593,602
Net Income	$27,045,221	$20,404,687	$18,938,146
Preferred Dividends	0	0	0
Net Income to Common	$27,045,221	$20,404,687	$18,938,146
Common Dividends	$16,227,132	$12,242,812	$11,362,888
Balance for Retained Earnings	$10,818,088	$8,161,875	$7,575,259
Payout Ratio	60%	60%	60%
Return on Common Equity - 12/31	6.8%	4.8%	4.2%
Common Equity - 12/31	$396,970,713	$429,366,855	$449,694,345

Note: Forecast does not include projection of current rate case

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 18

Description of Filing Requirement:

Financial forecast - balance sheet (2027-2029)

Response:

Projected End-of-Year Balance Sheet

($000)	2027	2028	2029
Fixed Assets	$1,033,029	$1,097,217	$1,173,231
Non-Utility Property	299	299	299
Current Assets	29,882	31,613	37,676
Deferred Debits	14,476	12,962	10,948
TOTAL ASSETS	$1,077,686	$1,142,091	$1,222,154
Total Capital	$821,115	$862,069	$937,137
Current Liabilities	30,377	43,051	39,420
Deferred Credits	226,193	236,971	245,597
TOTAL CAPITAL & LIABILITIES	$1,077,686	$1,142,091	$1,222,154

For electronic version, see KAW_APP_EX18_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 19

Description of Filing Requirement:

Financial forecast - cash flow statements (2027-2029)

Response:

Please see attached. The forecast does not include projection of the current rate case.

For electronic version, see KAW_APP_EX19_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
STATEMENT OF CASH FLOWS
(000'S OMITTED)

	2027	2028	2029
Net Income	$27,045	$20,405	$15,385
Depreciation & amortization	37,807	43,292	46,143
Provision for Deferred Income Tax	6,598	6,336	6,600
AFUDC Equity	0	0	0
Pension and non-pension post retirement	(694)	(732)	(441)
Other, net	(239)	9,235	5,912
Changes in assets and liabilities	1,306	7,624	22,283
Net Cash from Operations	**$71,823**	**$86,160**	**$95,881**
Cash Flow from Investing Activities			
Capital expenditures	($108,437)	($107,396)	($122,056)
AFUDC Equity	0	0	0
Removal costs from property, plant and equipment retirements	(8,006)	(6,943)	(7,814)
Net Cash from Investing	**($116,443)**	**($114,339)**	**($129,870)**
Cash Flow from Financing Activities			
Proceeds from long-term debt	$40,000	$56,000	$111,000
Repayment of long-term debt	(7,500)	(35,000)	(71,390)
Net borrowings (repayments) under short-term debt agreements	5,227	8,734	(20,179)
Advances and contributions for construction net of refunds	6,160	6,451	7,070
Capital Contribution	17,501	5,076	20,304
Debt issuance costs	(540)	(839)	(1,453)
Dividends paid	(16,227)	(12,243)	(11,363)
Net Cash from Financing	**$44,620**	**$28,179**	**$33,989**
Cash Generated During the Year	**$0**	**$0**	**$0**
Beginning Cash Balance	**0**	**0**	**0**
Ending Cash Balance	**$0**	**$0**	**$0**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 20

Description of Filing Requirement:

Financial forecast - revenue requirement

Response:

Please refer to Exhibit No. 17 for Revenue Requirements. Also see Exhibit 37C for the revenue requirement for the forecasted test-year ended December 2027.

For electronic version, see KAW_APP_EX20_05152026.pdf for this document, KAW_APP_EX17_051625.pdf for Revenue Requirements, and KAW_APP_EX37C_051625.pdf for Exhibit 37C.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 21

Description of Filing Requirement: Financial forecast - employee level (2027-2029)

Response:

Year End Number of Employees:	2027	2028	2029
	206	206	206

For electronic version, see KAW_APP_EX21_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 22

Description of Filing Requirement:

Financial Forecast (for 2027-2029) Labor Cost Changes

Response:

Total Labor Cost Changes	2027	2028	2029
O&M	$13,174,387	$13,686,871	$14,219,290
Capital	8,519,796	8,861,516	9,206,229
Total	$21,694,183	$22,548,387	$23,425,519

For electronic version, see KAW_APP_EX22_051526.pdf.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 23

Description of Filing Requirement:

Financial forecast - capital structure requirements (2027-2029)

Response:

Please see attached.

For electronic version, see KAW_APP_EX23_051526.pdf.

Kentucky-American Water Company
Exhibit 23
FINANCING PROJECTIONS
($000)

Increments of New Capital

Calendar Year	Short-Term Debt	Long-Term Debt	Preferred	Common
2027	$5,227	$40,000	$0	$17,500
2028	$8,734	$56,000	$0	$5,000
2029	-$11,964	$101,000	$0	$20,000

Total Capitalization

As of December 31,	Short-Term Debt	Long-Term Debt	Preferred	Common
2027	$11,445	$389,468	$2,247	$429,367
2028	$18,501	$410,128	$2,247	$451,002
2029	$6,537	$438,776	$2,247	$487,420

Capitalization Ratios

As of December 31,	Bank Loans	Debt	Preferred	Common
2027	1.37%	46.78%	0.27%	51.57%
2028	2.10%	46.51%	0.25%	51.14%
2029	0.70%	46.93%	0.24%	52.13%

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 24

Description of Filing Requirement:

Financial forecast (For 2027-2029) Rate base

Response:
12/31/2027 Rate Base $771,465,273
12/31/2028 Rate Base $828,240,251
12/31/2029 Rate Base $895,417,060

For electronic version, see KAW_APP_EX24_051526.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 25

Description of Filing Requirement:

Financial forecast - water sales (gallon)

Response:

Water Sales (000 Gallons)	**2027**	**2028**	**2029**
Residential	6,610,936	6,660,311	6,709,686
Commercial	4,408,578	4,457,853	4,507,497
Industrial	623,272	623,272	623,272
Municipal & OPA	1,313,795	1,336,398	1,359,002
Sales for Resale	305,810	305,810	305,810
Miscellaneous & Fire	14,631	14,631	14,631
Total	**13,277,021**	**13,398,275**	**13,519,897**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 26

Description of Filing Requirement:

Financial forecast - customer forecast

Response:

Average Customer Count	2027	2028	2029
Residential	137,606	138,618	139,631
Commercial	10,453	10,518	10,583
Industrial	42	42	42
Municipal & OPA	918	933	948
Sale for Resale	16	16	16
Miscellaneous & Fire	2,779	2,814	2,849
Total	**151,814**	**152,941**	**154,068**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 27

Description of Filing Requirement:

Most recent stock or bond prospectus

Response:

Please see attached for a copy of the Prospectus.

For electronic version, see KAW_APP_EX27_051526.pdf.

Filed Pursuant to Rule 424(b)(2)
File Number 333-277166-01
File Number 333-277166

Prospectus Supplement to Prospectus dated February 20, 2024

AMERICAN WATER

American Water Capital Corp.

$700,000,000 5.200% Senior Notes due 2036

This is an offering by American Water Capital Corp., which is referred to as AWCC or the issuer, of its 5.200% Senior Notes due 2036, which are referred to as the notes. The issuer will pay interest semi-annually in arrears on the notes on April 1 and October 1 of each year, beginning on October 1, 2026. The notes will mature on April 1, 2036. However, the issuer may at any time and from time to time redeem all or a portion of the notes, in each case at the applicable redemption prices set forth in this prospectus supplement under "Description of the Notes—Optional Redemption by the Issuer." The notes will be issued only in registered form and in denominations of $1,000 and integral multiples of $1,000 in excess thereof.

The notes will be unsecured, will rank equal in right of payment with the issuer's existing and future senior debt and will rank senior in right of payment to the issuer's future subordinated debt. The notes will rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will have the benefit of a support agreement from American Water Works Company, Inc., the issuer's parent company. The notes will not be guaranteed by any of American Water Works Company, Inc.'s subsidiaries. The issuer is a finance subsidiary whose activities are limited to borrowing funds and issuing its debt securities, and lending proceeds from those financing activities under loan agreements with American Water Works Company, Inc. and subsidiaries comprising its regulated utility operations.

Investing in these notes involves risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement to read about factors you should consider before buying these notes.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Price to Public(1)	Underwriting Discount	Proceeds to AWCC
Per note	99.923%	0.650%	99.273%
Total	$699,461,000	$ 4,550,000	$694,911,000

(1) Plus accrued interest from April 1, 2026, if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank SA/NV, as operator of the Euroclear system, against payment in New York, New York on or about April 1, 2026.

Joint Book-Running Managers

Wells Fargo Securities **PNC Capital Markets LLC** **RBC Capital Markets** **US Bancorp**
BofA Securities **J.P. Morgan** **Mizuho**
TD Securities **Truist Securities**

Senior Co-Managers

Huntington Capital Markets **Regions Securities LLC** **Scotiabank**

Co-Managers

BNY Capital Markets **Siebert Williams Shank**

Junior Co-Managers

Academy Securities **Independence Point Securities** **Roberts & Ryan** **Ramirez & Co., Inc.**

Prospectus Supplement dated March 30, 2026.

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ABOUT THIS PROSPECTUS SUPPLEMENT

All references in this prospectus supplement to "American Water" and the "Company" refer to American Water Works Company, Inc. and its consolidated subsidiaries taken together as a whole, except in the sections entitled "Where You Can Find More Information," "Use of Proceeds," "Description of the Notes," "Underwriting," and "Legal Matters," where such terms shall refer to American Water Works Company, Inc. and not to any of its subsidiaries, in each case unless the context otherwise requires. All references in this prospectus supplement to the "support provider" refer to American Water Works Company, Inc., without its subsidiaries, unless the context otherwise requires. All references in this prospectus supplement to "AWCC" or the "issuer" refer to American Water Capital Corp.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the accompanying prospectus, gives more general information about the issuer, American Water and their securities. Generally, the reference to "this prospectus" is to both parts of this document combined. To the extent information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Neither AWCC nor American Water Works Company, Inc. is making an offer or sale of these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus supplement or in the accompanying prospectus is accurate only as of the date on the front cover of those documents and any information incorporated by reference is only accurate as of the date of the document incorporated by reference. American Water's business, financial condition, results of operations and prospects may have changed since the date of such information.

"American Water" and its logos are trademarks of American Water Works Company, Inc. Other service marks, trademarks and trade names referred to in this prospectus are the property of their respective owners.

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WHERE YOU CAN FIND MORE INFORMATION

American Water files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, which is referred to as the SEC. These SEC filings are available to the public over the Internet at the SEC's website at *http://www.sec.gov* and American Water's website at *https://amwater.com*. The information contained on or accessible from American Water's website does not constitute a part of this prospectus and is not incorporated by reference herein.

American Water and the issuer have filed a registration statement on Form S-3 under the Securities Act of 1933, as amended, which is referred to as the Securities Act, with the SEC to register the securities offered by this prospectus supplement. This prospectus is a part of the registration statement, but does not contain all the information contained in the registration statement because certain parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and the documents filed as exhibits to the registration statement are available to the public over the Internet at the SEC's website and American Water's website, each as described above.

American Water is "incorporating by reference" into this prospectus specific documents that it files with the SEC, which means that important information can be disclosed to you by referring you to those documents that are considered part of this prospectus. Information that American Water files subsequently with the SEC will automatically update and supersede this information. American Water incorporates by reference the documents listed below, and any future documents that it files with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, until the offering of the securities covered by this prospectus has been completed or terminated.

American Water is "incorporating by reference" into this prospectus the following documents filed with the SEC (excluding any portions of such documents that have been "furnished" but not "filed" for purposes of the Exchange Act):

Filings	Period Covered or Date Filed
Annual Report on Form 10-K	Year ended December 31, 2025
Current Reports on Form 8-K	Filed on January 16, 2026, January 27, 2026, February 10, 2026 (Item 5.07 only), March 2, 2026 and March 10, 2026

American Water will provide to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request and without charge, a copy of the documents referred to above that have been incorporated in this prospectus by reference. You can request copies of such documents if you call or write American Water at the following address or telephone number: American Water Works Company, Inc., 1 Water Street, Camden, New Jersey, 08102-1658, Attention: General Counsel, (856) 955-4001.

This prospectus contains summaries of certain agreements that American Water has filed as exhibits to various SEC filings, as well as certain agreements that American Water and the issuer will enter into in connection with this offering. The descriptions of these agreements contained in this prospectus or information incorporated by reference herein do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. You can obtain copies of the definitive agreements without charge to you by making a written or oral request to American Water as described above.

American Water and the issuer are only responsible for the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or contained in any free writing prospectus prepared by or on behalf of American Water and the issuer. Neither American Water nor the issuer has authorized anyone to provide you with information other than that contained or incorporated by reference in

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this prospectus supplement or in the accompanying prospectus, and American Water and the issuer take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this prospectus.

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FORWARD-LOOKING STATEMENTS

American Water has made statements under "Risk Factors" and in other sections of this prospectus and in the documents incorporated by reference herein that are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: American Water's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; American Water's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the support provider's merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition by the support provider of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of American Water's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; American Water's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; American Water's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of American Water's forward-sale agreements, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on American Water of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed American Water's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; American Water's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which American Water operates, including macro trends with respect to American Water's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation, and the imposition, utilization or change in various economic tariffs (or any attempt or effort to do so), may have on American Water and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and investors are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. American Water's actual results may vary materially from those discussed in the forward-looking statements included in this prospectus and in the documents incorporated by reference herein. Factors that could cause actual results to differ from those discussed in forward-looking statements include, but are not limited to, the factors discussed under "Risk Factors" in this prospectus supplement, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;

- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of American Water's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- American Water's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with American Water's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of American Water's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- American Water's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in American Water's capital requirements;
- American Water's ability to control operating expenses and to achieve operating efficiencies, and American Water's ability to create, maintain and promote initiatives and programs that support the affordability of American Water's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or the water provided to its customers;
- American Water's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in American Water's business operations;

- American Water's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations, including without limitation American Water's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
  - American Water's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the support provider's merger agreement with Essential and the related proposed merger, including:
  - a fixed exchange ratio that will not adjust or account for fluctuations in the support provider's or Essential's stock price;
  - limitations on the parties' ability to pursue alternatives to the proposed merger;
  - an event, change or other circumstance that could give rise to the termination of the merger agreement;
  - a delay in the timing to consummate the proposed merger;
  - each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger);
  - financial impacts of the proposed merger on American Water and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
  - any impact of the proposed merger on the support provider's and the combined company's ability to declare and pay quarterly dividends on its common stock;
  - the risk of litigation related to the proposed merger;
  - changes in the parties' key management and personnel;
  - the amount and nature of incurred transaction costs associated with the proposed merger; and
  - reduced ownership and voting interests for the support provider's and Essential's shareholders upon completion of the proposed merger;
- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by American Water to complete, the acquisition, on American Water's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (as defined below) (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and

- any requirement by the support provider to pay a termination fee in the event the closing does not occur;

- risks and uncertainties following the completion of the sale of American Water's Homeowner Services Group ("HOS"), including the ability of American Water to redeploy successfully and timely the net proceeds of this transaction into American Water's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of American Water's operations;
- American Water's ability to successfully develop and implement new technologies and to protect related intellectual property;
- American Water's ability to maintain safe work sites;
- American Water's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of American Water's forward sale agreements: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by American Water from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and American Water's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of American Water or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to American Water or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect American Water's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the corporate alternative minimum tax), and (ii) the availability of, or American Water's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of American Water's service territories and changes in water and energy consumption resulting therefrom;

- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of American Water's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of American Water's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for American Water, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to American Water's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- American Water's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors discussed under "Risk Factors" beginning on page S-6 of this prospectus supplement and the risk factors and other statements contained in the documents incorporated by reference in this prospectus and investors should refer to such risks, uncertainties, risk factors and other statements in evaluating such forward-looking statements. Any forward-looking statements made by American Water speak only as of the date of such statements. Except as required by the federal securities laws, American Water does not have any obligation, and American Water specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus or in the documents incorporated by reference herein. It may not contain all the information that is important to you. You should carefully read this prospectus and the documents incorporated by reference herein in their entirety before making an investment decision.

The Company

American Water Works Company, Inc. is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. As a holding company, American Water conducts substantially all of its business through its subsidiaries. American Water employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. In 2025 and 2024, American Water generated $5,140 million and $4,684 million, respectively, in total consolidated operating revenues and $1,111 million and $1,051 million, respectively, in net income attributable to common shareholders.

American Water conducts the majority of its business through a reportable segment that is referred to in this prospectus as the Regulated Businesses, which includes utilities that are regulated by public utilities commissions and that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, and sales to public authorities and other utilities and community water systems under bulk contracts for the supply of water or the treatment of wastewater for their own customers. American Water also operates other businesses, including MSG, that provide water and wastewater services to the U.S. government on military installations, as well as to municipalities. These other businesses are not subject to public utility commission regulation and the services provided generally do not require significant capital investment by American Water. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"). In this prospectus, "Other" refers to these businesses, together with corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note originally received as part of the consideration for the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment.

For 2025, American Water's Regulated Businesses segment generated $4,723 million in operating revenues, which accounted for approximately 92% of American Water's total consolidated operating revenues. For the same period, Other generated $417 million in operating revenues, which accounted for approximately 8% of American Water's total consolidated operating revenues.

On October 26, 2025, American Water Works Company, Inc. entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of support provider common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of the support provider, and the support provider will retain its existing name and remain headquartered in Camden, New Jersey. The completion of the proposed merger is subject to certain customary conditions. The support provider currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027.

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American Water Capital Corp.

American Water's financing activities include, among other things, the issuance of long-term and short-term debt, primarily through AWCC, its wholly owned finance subsidiary. AWCC has no significant assets or operations other than as associated with these financing activities. AWCC loans all of the net proceeds of its long-term debt financings to American Water's operating subsidiaries in its Regulated Businesses segment, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. AWCC may also perform other ancillary services directly related to these financing activities, including cash management activities and hedging of interest-rate and other market risk exposures associated with its indebtedness. The proceeds of all of AWCC's long-term debt have been loaned to subsidiaries in American Water's Regulated Businesses segment or to American Water, which debt is evidenced by promissory notes issued to AWCC by such subsidiaries or American Water, as applicable. As of December 31, 2025, American Water had a total of $15,847 million in total debt, including (i) $14,259 million in total long-term debt, of which the current portion was $1,479 million, and (ii) at AWCC, $1,588 million in commercial paper borrowings net of discount. As of December 31, 2025, AWCC additionally had $84 million of outstanding letters of credit under its revolving credit facility.

Executive Offices

American Water and AWCC are each corporations incorporated under the laws of Delaware. Their principal executive offices are located at 1 Water Street, Camden, New Jersey 08102-1658 and the telephone number is (856) 955-4001. American Water's website address is *https://amwater.com*. The information contained on or accessible from American Water's website does not constitute a part of this prospectus and is not incorporated by reference herein.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. A more detailed description of the terms and conditions of the notes is contained under the headings "Description of the Notes" in this prospectus supplement and "Description of AWCC Debt Securities and American Water Support Agreement" in the accompanying prospectus.

Issuer	American Water Capital Corp.
Securities Offered	$700,000,000 aggregate principal amount of 5.200% Senior Notes due 2036.
Maturity Date	The notes will mature on April 1, 2036.
Interest Payment Dates	The issuer will pay interest on the notes semi-annually in arrears on each April 1 and October 1, beginning on October 1, 2026, to the holders of the notes as of the day that is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.
Support Agreement	The notes will have the benefit of a support agreement dated June 22, 2000 and amended as of July 26, 2000 from the support provider, referred to as the support agreement, pursuant to which the support provider has agreed to pay to any debt investor or lender of the issuer any principal or interest owed by the issuer to such debt investor or lender that the issuer fails to pay on a timely basis.
Optional Redemption	Prior to January 1, 2036 (three months prior to their maturity date) (the "Par Call Date"), the issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: • (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption (assuming the notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the date of redemption; and • 100% of the principal amount of the notes to be redeemed; plus, in either case, accrued and unpaid interest thereon to that date of redemption. On or after the Par Call Date, the issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to the date of redemption.
Ranking	The notes will be the issuer's unsecured senior obligations and will: • rank equal in right of payment with all of the issuer's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes;

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	• rank senior in right of payment to all of the issuer's future obligations that are, by their terms, expressly subordinated in right of payment to the notes; and • rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness. Similarly, obligations of the support provider under the support agreement will be unsecured senior obligations of the support provider and will: • rank equal in right of payment with all of the support provider's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to such obligations; • rank senior in right of payment to all of the support provider's future obligations that are, by their terms, expressly subordinated in right of payment to such obligations; and • rank (i) effectively junior in right of payment to all of the support provider's future secured indebtedness to the extent of the value of the assets securing such indebtedness and (ii) structurally junior in right of payment to any liabilities of the support provider's subsidiaries. As of December 31, 2025: • the issuer had no secured indebtedness; • the issuer had $14,738 million of senior indebtedness, including (i) $12,961 million of senior notes, (ii) $187 million of tax-exempt indebtedness, and (iii) $1,590 million of commercial paper, and no subordinated indebtedness; • the support provider had no indebtedness other than (i) its obligations under the support agreement with respect to the issuer's indebtedness and (ii) its borrowings from AWCC; and • the subsidiaries of the support provider (other than the issuer) had $1,155 million of indebtedness and similar obligations.
Certain Covenants	The indenture governing the notes contains certain covenants that, among other things, limit the support provider's ability and the ability of its subsidiaries to: • create or assume liens; and • enter into sale and leaseback transactions. These limitations are subject to a number of significant exceptions. See "Description of AWCC Debt Securities and American Water Support Agreement—Certain Covenants" in the accompanying prospectus.
Use of Proceeds	The issuer estimates that the proceeds from this offering, net of the underwriting discounts and estimated offering expenses, will be approximately $693.0 million.

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	The issuer intends to use the net proceeds from this offering: • to lend funds to the support provider and its subsidiaries in the Regulated Businesses segment; • to repay commercial paper obligations of the issuer; and • for general corporate purposes. See "Use of Proceeds."
Risk Factors	Investing in the notes involves risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement for a discussion of factors that you should refer to and carefully consider before deciding to invest in these notes.
Governing Law	The indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York.
Conflicts of Interest	Certain of the underwriters and their affiliates may hold a portion of the commercial paper that the issuer intends to repay using the net proceeds from this offering. In such event, it is possible that one or more of the underwriters or their affiliates could receive at least 5% of the net proceeds from the offering and, in that case, such underwriter would be deemed to have a conflict of interest under Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is referred to as FINRA. In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of the notes in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be permitted to confirm a sale to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

RISK FACTORS

An investment in the notes involves risks. This prospectus does not describe all of these risks. You should carefully consider the risks described below and the risks described in Part I, Item 1A., "Risk Factors," in American Water's Annual Report on Form 10-K for the year ended December 31, 2025, as updated in subsequently filed reports with the SEC, which risk factors and subsequently filed reports are incorporated by reference herein, as well as the other information included or incorporated by reference in this prospectus, before making an investment decision. American Water's business, financial condition or results of operations could be materially adversely affected by any of these risks.

The issuer's ability to service its debt and the support provider's ability to make payments pursuant to its obligations under the support agreement depend on the performance of the support provider's operating subsidiaries and their continued ability to make distributions to the support provider or repayments to the issuer. There can be no assurance that the support provider or the issuer will continue to receive such distributions or repayments or, if they are received, that they will be in amounts similar to past distributions or repayments.

The notes are being issued by AWCC, the support provider's finance subsidiary. The issuer has no significant assets, other than the support provider's obligations and those of certain of American Water's subsidiaries in its Regulated Businesses segment, to repay certain intercompany loans made to them by AWCC. The support provider has entered into a support agreement with the issuer, which serves as the functional equivalent of a full and unconditional guarantee by the support provider. Under the terms of the support agreement, if the issuer is unable to make timely payment of any interest or principal or premium, if any, on the notes, the support provider has agreed to provide to the issuer, at the issuer's request or at the request of any holder of the notes, funds to make such payment in full. Because the support provider is a holding company and substantially all of its operations are conducted through its subsidiaries other than the issuer, the support provider's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash distributions from its operating subsidiaries. Furthermore, the issuer's ability to make interest and principal payments on the notes will be dependent upon its receipt of sufficient payments of principal and interest owed pursuant to the terms of its intercompany loans to the support provider and certain of its subsidiaries in the Regulated Businesses segment and from the issuer's ability to issue indebtedness or otherwise obtain loans in the future. The distributions the support provider receives from its operating subsidiaries and the repayments the issuer receives from the support provider and such subsidiaries in the Regulated Businesses segment might not be adequate to permit the support provider to make required payments of interest and principal pursuant to the support agreement or the issuer to make required payments under the notes, as applicable, on a timely basis, or at all.

The support provider's obligations under the support agreement are effectively subordinated to all of the obligations of its subsidiaries other than the issuer.

The support provider has entered into a support agreement with the issuer. The notes are not guaranteed by any of the support provider's subsidiaries and are the obligations only of the issuer, and of the support provider, by virtue of the support agreement. The support provider is a holding company that derives substantially all of its income from its operating subsidiaries, and the issuer is a finance subsidiary with no significant operations of its own, other than related to making loans to the support provider and its subsidiaries in its Regulated Businesses segment. The support provider's operating subsidiaries are separate and distinct legal entities and, other than the issuer, have no obligation to make any payments on the notes, or to make any funds available for such payment, other than through their repayment obligations under intercompany loans, if any, with the issuer. Therefore, the support provider's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and monies borrowed, or other indebtedness incurred or issued by American Water's subsidiaries other than the issuer.

The notes do not restrict the support provider's or its subsidiaries' ability to incur additional indebtedness, which could adversely affect the support provider's ability to pay its obligations under the notes arising by virtue of the support agreement.

Although the terms of the notes restrict the support provider's ability and the ability of its subsidiaries to incur certain liens and to enter into certain sale and leaseback transactions, the incurrence of other indebtedness or other liabilities by any of the support provider's subsidiaries is not specifically prohibited in connection with the notes and could adversely affect the support provider's ability to pay any obligations to holders of the notes arising out of its obligations under the support agreement. As of December 31, 2025, total indebtedness and similar obligations of the support provider's subsidiaries other than the issuer were $1,155 million, consisting of (i) $717 million in private activity bonds and government funded debt, all but $8 million of which is collateralized, (ii) $435 million in mortgage bonds, and (iii) $3 million in redeemable preferred stock. American Water anticipates that from time to time its subsidiaries will incur additional debt and other liabilities. Any debt incurred by the support provider's subsidiaries other than the issuer will be effectively senior to the support provider's obligations under the support agreement.

Other than as described under "Description of AWCC Debt Securities and American Water Support Agreement—Support Agreement" in the accompanying prospectus, neither the issuer nor the support provider is required in connection with the notes to meet any financial tests that measure their working capital, interest coverage or fixed charges in order to maintain compliance with the terms of the notes.

If there is no active trading market for the notes you may not be able to resell them.

If there is no active trading market for the notes, you may not be able to resell the notes at their fair market value or at all.

The liquidity of any market for the notes will depend upon various factors, including:

- the number of holders of the notes;
- the interest of securities dealers in making a market for the notes;
- American Water's financial performance or prospects; and
- the prospects for companies in American Water's industry generally.

Accordingly, neither American Water nor the issuer can assure you that a market or liquidity will develop for the notes.

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USE OF PROCEEDS

The issuer estimates that it will receive net proceeds from this offering, after deducting the underwriting discounts and estimated offering expenses, of approximately $693.0 million.

The issuer intends to use the net proceeds from this offering:

- to lend funds to the support provider and its subsidiaries in the Regulated Businesses segment;
- to repay commercial paper obligations of the issuer; and
- for general corporate purposes.

On March 27, 2026, the issuer had $1,355 million in aggregate principal amount of commercial paper outstanding, with a weighted-average maturity of 8.6 days and a weighted-average interest rate of 4.06%.

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DESCRIPTION OF THE NOTES

The following description is a summary of the material provisions of the indenture. It does not restate such agreement in its entirety. You are urged to read the indenture because it, and not this description, defines your rights as holders of the notes. The indenture was filed as an exhibit to the registration statement of which this prospectus forms a part.

The notes will be a separate, new series of debt securities, as described under the heading "Description of AWCC Debt Securities and American Water Support Agreement" in the accompanying prospectus. Please read the following information concerning the notes in conjunction with the statements under "Description of AWCC Debt Securities and American Water Support Agreement" in the accompanying prospectus, which the following information supplements and, in the event of any inconsistencies, supersedes.

Unless the context otherwise requires, solely for purposes of this Description of the Notes, "American Water" or the "Company" refers to American Water Works Company, Inc. and not to any of its subsidiaries.

General

The notes will be issued under the indenture, dated as of December 4, 2009, between the issuer and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as indenture trustee, referred to as the indenture.

The aggregate principal amount of the notes offered by this prospectus supplement is $700,000,000.

The notes will have the benefit of a support agreement from American Water described in this prospectus.

The notes will be the issuer's unsecured senior obligations and will:

- rank equal in right of payment with all of the issuer's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes;
- rank senior in right of payment to all of the issuer's future obligations that are, by their terms, expressly subordinated in right of payment to the notes; and
- rank effectively junior in right of payment to all of the issuer's future secured indebtedness to the extent of the value of the assets securing such indebtedness.

Similarly, American Water's obligations as support provider under the support agreement will be unsecured senior obligations of American Water and will:

- rank equal in right of payment with all of American Water's existing and future unsecured obligations that are not, by their terms, expressly subordinated in right of payment to such obligations;
- rank senior in right of payment to all of American Water's future obligations that are, by their terms, expressly subordinated in right of payment to such obligations; and
- rank (i) effectively junior in right of payment to all of American Water's future secured indebtedness to the extent of the value of the assets securing such indebtedness and (ii) structurally junior in right of payment to any liabilities of American Water's subsidiaries.

The notes will not be subject to a sinking fund provision.

The indenture trustee will initially be the security registrar and the paying agent for the notes. The notes initially will be issued in registered global form and will be in denominations of $1,000 and integral multiples of

$1,000 in excess thereof, without coupons, and may be transferred or exchanged, without service charge but upon payment of any taxes or other governmental charges payable in connection with the transfer or exchange, at the office described below. Payments on notes issued as a global security will be made to the depositary or a successor depositary. A beneficial interest in a global note may only be exchanged for a note in certificated form in certain circumstances. See "Description of AWCC Debt Securities and American Water Support Agreement—Book-Entry, Delivery and Form—Exchanges of Global Securities for Certificated Debt Securities" in the accompanying prospectus and "—Book-Entry Only Issuance" in this prospectus supplement. Principal and interest with respect to certificated notes will be payable thereon, the transfer of the notes will be registrable and notes will be exchangeable for notes of a like aggregate principal amount in denominations of $1,000, and integral multiples of $1,000 in excess thereof, at the office or agency maintained by the issuer. The issuer has initially designated the corporate trust office of the indenture trustee as that office. However, at the issuer's option, payment of interest may be made by check mailed to the address of the holder entitled to payment or by wire transfer to an account appropriately designated by the holder entitled to payment.

The indenture does not limit American Water's ability or the ability of the issuer to issue or incur other unsecured debt or issue preferred stock.

Principal, Maturity and Interest

The initial aggregate principal amount of the notes is $700,000,000. The notes mature on April 1, 2036.

The notes will bear interest at 5.200% per annum, accruing from April 1, 2026. The issuer will pay interest on the notes semi-annually in arrears on each April 1 and October 1, beginning on October 1, 2026, to the holders of the notes as of the day that is 15 calendar days (whether or not a business day) prior to the relevant interest payment date and, if applicable, upon redemption.

Computation of Interest

The amount of interest payable on the notes for any period will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which principal or interest is payable on the notes is not a business day, then payment of the principal or interest payable on such date will be made on the next day that is a business day (and without any interest or other payment in respect of any such delay).

Optional Redemption by the Issuer

Prior to the Par Call Date, the issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption (assuming the notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points less (b) interest accrued to the date of redemption; and
- 100% of the principal amount of the notes to be redeemed;

plus, in either case, accrued and unpaid interest thereon to that date of redemption.

On or after the Par Call Date, the issuer may redeem the notes at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to the date of redemption.

Treasury Rate

"*Treasury Rate*" means, with respect to any date of redemption for the notes, the yield determined by the issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the date of redemption based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the issuer shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the date of redemption to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the date of redemption.

If on the third business day preceding the date of redemption H.15 TCM is no longer published, the issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such date of redemption of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the issuer shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice and Selection

Notices of redemption will be mailed by first class mail and, so long as the notes are held by The Depository Trust Company ("DTC"), given in accordance with the policies and procedures of DTC, at least 30 but not more

than 60 days before a date of redemption, except that redemption notices may be sent more than 60 days prior to a date of redemption if the notice is issued in connection with a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount and the CUSIP number of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of notes upon cancellation of the original note (or through book-entry transfer). The notes called for redemption become due on the date fixed for redemption.

If less than all of the notes are to be redeemed in connection with any redemption, the indenture trustee will select notes (or portions of notes) for redemption as follows:

- if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or in such manner as the indenture trustee shall deem appropriate and fair; however, as long as the notes are represented by global notes registered in the name of DTC, or its nominee, beneficial interests in such global notes will be selected for redemption by DTC in accordance with the applicable policies and procedures of DTC.

The unredeemed portion of the principal amount of any note shall be in a denomination of at least $1,000 or integral multiples of $1,000.

Unless the issuer defaults in the payment of the redemption price, on or after the date fixed for redemption interest will cease to accrue on the notes or portion of the notes redeemed.

Assumption

American Water may directly assume the due and punctual payment of the principal of, premium, if any, and interest on all debt securities issued under the indenture, including the notes, and the performance of every covenant of the indenture on the part of the issuer to be performed or observed. Upon any such assumption, American Water will succeed to and be substituted for and may exercise every right and power of the issuer under the indenture with the same effect as if it had been named as the issuer in the indenture and the issuer will be released from its liability as obligor on such debt securities, including the notes. No such assumption shall be permitted unless American Water has delivered to the indenture trustee an officers' certificate of American Water and an opinion of counsel for American Water, each stating that such assumption and supplemental indenture comply with this covenant and that all conditions precedent in the indenture relating to such transaction have been complied with.

Book-Entry Only Issuance

The notes will trade through DTC. The notes will be represented by one or more global securities and registered in the name of Cede & Co., DTC's nominee. Upon issuance of the notes, DTC or its nominee will credit, on its book-entry registration and transfer system, the principal amount of the notes represented by such global securities to the accounts of institutions that have an account with DTC or its participants. The accounts to be credited shall be designated by the underwriters. Ownership of beneficial interests in the global securities will be limited to participants or persons that may hold interests through participants. The global securities will be deposited with the indenture trustee as custodian for DTC.

Holders of notes may elect to hold interests in a global security through DTC, Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), or Euroclear Bank SA/NV, as operator of the Euroclear System ("Euroclear"), directly if they are participants in such systems, or indirectly through organizations which are participants in such systems.

Clearstream, Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on DTC's books.

For a description of DTC and its book-entry system, see "Description of AWCC Debt Securities and American Water Support Agreement—Book-Entry, Delivery and Form—Depository Procedures" in the accompanying prospectus.

Purchases of global securities under the DTC system must be made by or through direct participants, which will receive a credit for the global securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the direct and indirect participants' records and Clearstream, Luxembourg and Euroclear will credit on their book-entry registration and transfer systems the number of notes sold to certain non-U.S. persons to the account of institutions that have accounts with Euroclear, Clearstream, Luxembourg or their respective nominee participants. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct participant or indirect participant through which the Beneficial Owner entered into the transaction.

Title to book-entry interests in the notes will pass by book-entry registration of the transfer within the records of Clearstream, Luxembourg, Euroclear or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the notes may be transferred within Clearstream, Luxembourg and Euroclear and between Clearstream, Luxembourg and Euroclear in accordance with procedures established for these purposes by Clearstream, Luxembourg and Euroclear. Book-entry interests in the notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfers of book-entry interests in the notes among Clearstream, Luxembourg, Euroclear and DTC may be effected in accordance with procedures established for this purpose by Clearstream, Luxembourg, Euroclear and DTC.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream, Luxembourg participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC's rules; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within the established deadlines of such system.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

The information in this section and in the accompanying prospectus under "Description of AWCC Debt Securities and American Water Support Agreement—Book-Entry, Delivery and Form" concerning DTC and DTC's book-entry system, Clearstream, Luxembourg and Euroclear has been obtained from sources that the issuer and the support provider believe to be reliable, but none of the issuer, the support provider or the underwriters take any responsibility for the accuracy of this information.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the notes by the beneficial owners thereof, which are referred to as Holders. This discussion is limited to the tax consequences to the initial Holders of notes who purchase the notes at the initial offering price and does not address the tax consequences to subsequent purchasers of notes. This summary does not purport to be a complete analysis of all of the potential U.S. federal income tax consequences relating to the purchase, ownership and disposition of the notes, nor does this summary describe any state, local, federal estate, gift or non-U.S. tax consequences. There can be no assurance that the Internal Revenue Service (the "IRS") will take a similar view of the tax consequences described herein. Furthermore, this discussion does not address all aspects of taxation that might be relevant to particular purchasers in light of their individual circumstances. For instance, this discussion does not address the alternative minimum tax provisions of the Code (as defined below) or special rules applicable to certain categories of purchasers (including dealers in securities or foreign currencies, traders in securities that elect to use a mark-to-market method of accounting for the securities holdings, insurance companies, real estate investment trusts, regulated investment companies, financial institutions, tax-exempt entities, persons required to report income with respect to a note no later than such income is reported on an "applicable financial statement" under Section 451 of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Holders (as defined below) whose functional currency is not the U.S. dollar and, except to the extent discussed below, Non-U.S. Holders (as defined below)) or to purchasers who acquire or sell the notes as part of a wash sale for tax purposes or hold the notes as part of a hedge, straddle, conversion or constructive sale transaction or other risk reduction transaction.

This discussion is based on the provisions of the Code, the Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change (possibly with retroactive effect). The discussion below assumes that Holders hold the notes as capital assets within the meaning of Section 1221 of the Code.

If a partnership, or an entity treated as a partnership for U.S. federal income tax purposes, holds any notes, the tax treatment of such entity and each partner will generally depend on the status of the partner and the activities of the partnership. Partnerships and their partners should consult their tax advisors regarding the tax consequences of owning the notes.

Prospective Holders are urged to consult their tax advisors as to the specific tax consequences of a purchase of the notes in light of their particular tax situation, including the application and effect of the Code, as well as state, local and foreign income and other tax laws.

Tax Consequences to U.S. Holders

The following summary is a general description of certain U.S. federal income tax consequences applicable to a "U.S. Holder." For the purpose of this discussion, "U.S. Holder" means a Holder of a note that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof (including the District of Columbia), (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if (A) the administration of the trust is subject to the primary supervision of a court within the United States and one or more U.S. persons has the authority to control all substantial decisions of the trust, or (B) has a valid election in place under applicable U.S. Treasury Regulations to be treated as a U.S. person.

As described above in "Description of the Notes—Optional Redemption by the Issuer," the issuer may make payments upon a redemption in excess of the principal amount of the notes. The issuer has determined the likelihood is remote that it will redeem notes in circumstances in which the redemption price (not taking into account accrued and unpaid interest) payable to Holders would exceed 100% of the principal amount of the notes

to be redeemed. Our determination regarding such likelihood is not binding on the IRS. However, our determination is binding on you, unless you explicitly disclose to the IRS on your federal income tax return for the year during which you acquire the notes that you are taking a different position. Given the issuer's determination, the issuer does not intend to treat the notes as contingent payment debt instruments for U.S. federal income tax purposes. If the IRS or a court were to take a contrary position, the notes could be subject to U.S. federal income tax rules governing contingent payment debt instruments, in which case the amount and timing of income inclusions with respect to the notes and the character of income recognized on a sale, exchange or redemption of a note, could differ materially and adversely from what is described below. The remainder of this discussion assumes that the notes will not be subject to the contingent payment debt instrument rules. This assumption is made solely for U.S. federal income tax purposes and is not an indication of the issuer's intention to call or not to call the notes at any time.

Payments of Stated Interest

The issuer expects that the notes will not be issued with original issue discount (other than *de minimis* original issue discount). Generally, stated interest paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time the interest accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Redemption or Retirement of the Notes

In general, upon the sale, exchange, redemption or retirement of a note, a U.S. Holder will recognize capital gain or loss equal to the difference between the amount realized on such sale, exchange, redemption, retirement (not including any amount attributable to accrued but unpaid interest) and such U.S. Holder's adjusted tax basis in the note. To the extent attributable to accrued but unpaid interest, the amount recognized by the U.S. Holder will be treated as a payment of interest. See "—Payments of Stated Interest" above. A U.S. Holder's adjusted tax basis in a note generally will equal the cost of the note to such U.S. Holder. The capital gain or loss will be long-term if a U.S. Holder's holding period is more than one year at the time of sale, exchange, redemption, retirement or other disposition and will be short-term if a U.S. Holder's holding period is one year or less. Long-term capital gains of individuals are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

If an assumption described above in "Description of the Notes—Assumption" occurs, it may be treated as a "deemed exchange" of a note for a new note of the assuming corporation for U.S. federal income tax purposes. If the assumption is treated as a deemed exchange, then the consequences in the preceding paragraph would apply. Prospective Holders are urged to consult their tax advisors regarding the tax consequences of such an assumption.

Under certain circumstances described in "Description of AWCC Debt Securities and American Water Support Agreement—Discharge" in the accompanying prospectus, the issuer will be discharged from any and all obligations in respect of the notes. Such discharge may be treated as a taxable exchange for U.S. federal income tax purposes. U.S. Holders should consult their own tax advisors regarding the U.S. federal, state, and local tax consequences of such a discharge.

Medicare Tax

Certain U.S. Holders that are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of the notes. Each U.S. Holder that is an individual, estate or trust should consult its tax advisors regarding the applicability of this Medicare tax to its income and gains in respect of its investment in the notes.

Tax Consequences to Non-U.S. Holders

The following summary is a general description of certain U.S. federal income tax consequences to a "Non-U.S. Holder." A "Non-U.S. Holder" means, for purposes of this discussion, a Holder (other than a partnership, or other entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder. Special rules may apply to certain Non-U.S. Holders such as "controlled foreign corporations," "passive foreign investment companies" and certain U.S. individuals that are expatriates and such Non-U.S. Holders should consult their tax advisors.

Stated Interest

Subject to the discussions below under "—Backup Withholding and Information Reporting" and "—Withholdable Payments to Foreign Financial Entities" and assuming that a Non-U.S. Holder's interest income on a note is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States, payments of interest on a note by the issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax, provided that the Non-U.S. Holder:

- does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the issuer's stock entitled to vote;
- is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to the issuer through stock ownership;
- is not a bank receiving interest "on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business" within the meaning of Section 881(c)(3)(A) of the Code; and
- either (1) meets the certification requirements under Code Section 871(h) or 881(c) and Treasury Regulations thereunder (summarized below) in an applicable statement or (2) is a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the securities on behalf of the Non-U.S. Holder and certifies under penalties of perjury that such a statement has been received from the Non-U.S. Holder and furnishes a copy to the applicable withholding agent.

Payments of interest on a note that do not satisfy all of the foregoing requirements are generally subject to U.S. federal income tax and withholding tax at a flat rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met).

Except to the extent otherwise provided under an applicable tax treaty, a Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest that is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder. Effectively connected interest income received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate. Such effectively connected interest income will not be subject to withholding tax if the Non-U.S. Holder delivers an IRS Form W-8ECI to the payor.

Under Code Sections 871(h) and 881(c) and the underlying U.S. Treasury Regulations, in order to obtain the exemption from withholding tax described above, the Non-U.S. Holder of a note must provide its name and address, and certify, under penalties of perjury, to the applicable withholding agent that such Holder is a Non-U.S. Holder. Such certification may be made on IRS Form W-8BEN or W-8BEN-E as applicable. In general, a certificate described in this paragraph is effective only with respect to payments of interest made to the certifying Non-U.S. Holder after issuance of the certificate in the calendar year of its issuance and the three immediately succeeding calendar years (or, if earlier, until a change in circumstances makes any of the information in the form incorrect).

Repayment of Principal and Realized Gain

Subject to the discussions below under "—Backup Withholding and Information Reporting," a Non-U.S. Holder of a note will not be subject to U.S. federal withholding tax on the receipt of payments of principal on the note, and a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption, retirement or other disposition of such note (other than amounts attributable to accrued but unpaid interest, which will be treated as described under "—Tax Consequences to Non-U.S. Holders—Stated Interest" above), or receipt of principal, unless:

- such Non-U.S. Holder is a nonresident alien individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met;
- the Non-U.S. Holder is required to pay tax pursuant to the provisions of U.S. tax law applicable to certain U.S. expatriates; or
- the gain is effectively connected with the conduct of a U.S. trade or business of and, if a tax treaty so provides, is attributable to a U.S. permanent establishment of, the Non-U.S. Holder.

Backup Withholding and Information Reporting

Under current U.S. federal income tax law, backup withholding and information reporting requirements apply to certain payments of principal and interest made to, and to the proceeds of sale before maturity by, certain U.S. Holders.

In the case of a non-corporate U.S. Holder, information reporting requirements will apply to payments of principal or interest made by the issuer or any paying agent thereof on a note. The payor will be required to withhold backup withholding tax at the current rate of 24% with respect to certain "reportable payments," including interest on or principal (and premium, if any) of a note and the gross proceeds from a disposition of a note if:

- a U.S. Holder fails to furnish its Taxpayer Identification Number ("TIN") (which, for an individual, is his or her Social Security number) to the payor in the manner required;
- a U.S. Holder furnishes an incorrect TIN and the payor is so notified by the IRS;
- in the case of an interest payment, the payor is notified by the IRS that such U.S. Holder has failed to properly report payments of interest or dividends; or
- in the case of an interest payment, a U.S. Holder fails to certify under penalties of perjury that it has furnished a correct TIN, is a U.S. person, and has not been notified by the IRS that it is subject to backup withholding for failure to report interest or dividend payments.

Backup withholding and information reporting do not apply with respect to payments made to certain exempt recipients, which currently include entities treated as corporations for U.S. federal income tax purposes provided their exemptions from backup withholding are properly established.

In the case of a Non-U.S. Holder, under currently applicable Treasury Regulations, backup withholding and information reporting will not apply to payments of principal or interest made by the issuer or any paying agent thereof on a note (absent actual knowledge or reason to know that the Holder is actually a U.S. Holder) if such Non-U.S. Holder has provided the required certification under penalties of perjury that it is not a U.S. Holder or has otherwise established an exemption. However, the issuer and other payors are required to report payments of interest on a Non-U.S. Holder's notes on IRS Form 1042-S even if the payments are not otherwise subject to information reporting requirements. If such Holder provides the required certification, such Holder may nevertheless be subject to withholding of U.S. federal income tax as described above under "—Tax Consequences to Non-U.S. Holders—Stated Interest." The rules regarding withholding, backup withholding and information reporting for Non-U.S. Holders are complex, may vary depending on a Non-U.S. Holder's particular situation and are subject to change. In addition, special rules apply to certain types of Non-U.S. Holders,

including partnerships, trusts and other entities treated as pass-through entities for U.S. federal income tax purposes. Non-U.S. Holders of notes should accordingly consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption if applicable.

Backup withholding is not an additional tax; any amounts withheld from a payment to a Holder under the backup withholding rules will be allowed as a credit against such Holder's U.S. federal income tax liability and may entitle such Holder to a refund, provided that certain required information is furnished to the IRS.

Withholdable Payments to Foreign Financial Entities

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (commonly referred to as "FATCA") generally impose a U.S. federal withholding tax of 30% on any interest on the notes paid (i) to a "foreign financial institution" (as defined in the Code) unless such foreign financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other requirements, or (ii) to a "non-financial foreign entity" (as defined in the Code) unless such entity certifies that it does not have any "substantial United States owners" (as defined in the Code) or provides the name, address and taxpayer identification number of each substantial United States owner and meets certain other requirements. Foreign financial institutions located in jurisdictions that have intergovernmental agreements with the United States may be subject to different rules. If payment of this withholding tax is made, Non-U.S. Holders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes with respect to such interest will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. However, even if a beneficial owner of a note is entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay the Holder's receipt of any amounts withheld. Proposed Treasury regulations (which taxpayers are permitted to rely upon until final Treasury regulations are issued) eliminate FATCA withholding on payments of gross proceeds. Holders should consult their tax advisors regarding the potential application of these withholding rules to their investment in the notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Holder's particular situation. Holders should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of notes, including the tax consequences under state, local, foreign and other tax laws.

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UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement dated the date of this prospectus supplement between the issuer, American Water and the underwriters named below, for whom Wells Fargo Securities, LLC, PNC Capital Markets LLC, RBC Capital Markets, LLC and U.S. Bancorp Investments, Inc. are acting as representatives, the issuer has agreed to sell to each of the underwriters, and each of the underwriters has severally and not jointly agreed to purchase from the issuer, the principal amount of notes set forth opposite its name below:

Underwriter	Principal Amount
Wells Fargo Securities, LLC	$ 115,500,000
PNC Capital Markets LLC	101,500,000
RBC Capital Markets, LLC	101,500,000
U.S. Bancorp Investments, Inc.	101,500,000
BofA Securities, Inc.	42,000,000
J.P. Morgan Securities LLC	42,000,000
Mizuho Securities USA LLC	42,000,000
TD Securities (USA) LLC	38,500,000
Truist Securities, Inc.	38,500,000
Huntington Securities, Inc.	14,000,000
Regions Securities LLC	14,000,000
Scotia Capital (USA) Inc.	14,000,000
BNY Mellon Capital Markets, LLC	10,500,000
Siebert Williams Shank & Co., LLC	10,500,000
Academy Securities, Inc.	3,500,000
Independence Point Securities LLC	3,500,000
Roberts & Ryan, Inc.	3,500,000
Samuel A. Ramirez & Company, Inc.	3,500,000
Total	$ 700,000,000

The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The underwriting agreement provides that the underwriters are obligated to purchase all of the notes in the offering if any are purchased.

The underwriters have advised the issuer and American Water that they propose initially to offer the notes at the price to public set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of 0.400% of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of 0.250% of the principal amount of the notes to certain other dealers. If all notes are not sold at the price to public set forth on the cover page of this prospectus supplement, the offering price and other selling terms for the notes may be changed by the underwriters.

American Water estimates that the total expenses of the offering, including registration, printing fees and legal and accounting expenses but excluding the underwriting discounts, will be approximately $1.9 million.

The issuer and the support provider have agreed to indemnify the underwriters against liabilities relating to this offering, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

The notes are a new issue of securities with no established trading market. The issuer does not intend to apply for listing of the notes on any securities exchange or on any automated dealer quotation system. American Water and the issuer have been advised by the underwriters that they presently intend to make a market in the

notes as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes and any such market making may be discontinued without notice at any time at the sole discretion of the underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the notes.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of notes in excess of the principal amount of notes the underwriters are obligated to purchase, which creates a short position.
- The underwriters may bid for and purchase notes in the open market.
- Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the notes originally sold by the underwriters are purchased in a stabilizing covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be discontinued at any time without notice.

Conflicts of Interest

The underwriters and their affiliates have engaged, and may in the future engage, in transactions with, and from time to time have performed services for, the issuer, the support provider and the support provider's affiliates in the ordinary course of business, for which they have received and will receive customary compensation. Affiliates of certain of the underwriters are also lenders under the issuer's revolving credit facility and/or serve as the paying agent and/or dealers under the issuer's commercial paper program.

Certain of the underwriters and their affiliates may hold a portion of the commercial paper that the issuer intends to repay using the net proceeds from this offering. In such event, it is possible that one or more of the underwriters or their affiliates could receive at least 5% of the net proceeds from the offering, and, in that case, such underwriter would be deemed to have a conflict of interest under FINRA Rule 5121. In the event of any such conflict of interest, such underwriter would be required to conduct the distribution of the notes in accordance with FINRA Rule 5121. If the distribution is conducted in accordance with FINRA Rule 5121, such underwriter would not be permitted to confirm a sale to an account over which it exercises discretionary authority without first receiving specific written approval from the account holder.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the issuer, the support provider or the support provider's affiliates. If any of the underwriters or their affiliates have a lending relationship with the issuer, the support provider or the support provider's affiliates, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to the issuer, the support provider or the support provider's affiliates consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the issuer, the support provider or the support provider's affiliates, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect

future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the notes, or the possession, circulation or distribution of this prospectus or any other material relating to American Water or the notes in any jurisdiction where action for that purpose is required. Accordingly, the notes may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the notes may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the notes may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the notes without disclosure to investors under Chapter 6D of the Corporations Act.

The notes applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring notes must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Canada

The notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment

thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

Prohibition of Sales to European Economic Area Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) No. 2017/1129 (as amended, the "EU Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

Prohibition of Sales to United Kingdom Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a "retail investor" means a person who is neither: (i) a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"); nor (ii) a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Other Regulatory Restrictions

In the UK, this offering document is only being distributed to and is only directed at persons (i) who fall within Article 19(5) ("investment professionals") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Financial Promotion Order") or (ii) who fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order (all such persons together being referred to as "relevant persons").

In the UK, any investment or investment activity to which this offering document relates, including the notes, is available only to relevant persons and will be engaged in only with relevant persons. In the UK, this offering document must not be acted on or relied on by persons who are not relevant persons.

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the "FSMA")) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to American Water; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the UK.

Hong Kong

The notes have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO") and any rules made thereunder or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and no advertisement, invitation or document relating to the notes has been or will be issued or has been or will be in the possession of any person for the purposes of issue (in each case, whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"), and accordingly, the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

Singapore

This prospectus has not been and will not be registered as a prospectus by the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA") pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the SFA, the issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, American Water, or the notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of notes will not be supervised by, the Swiss Financial Market Supervisory Authority ("FINMA"), and the offer of notes has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of notes.

Taiwan

The notes have not been, and will not be, registered with the Financial Supervisory Commission of Taiwan, the Republic of China ("Taiwan") pursuant to applicable securities laws and regulations. No person or entity in Taiwan is authorized to distribute or otherwise intermediate the offering of the notes or the provision of information relating to the offering of the notes, including, but not limited to, this prospectus supplement and the accompanying prospectus. The notes may be made available for purchase outside Taiwan by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors), but may not be issued, offered or sold in Taiwan.

Dubai Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The notes to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If a prospective purchaser does not understand the contents of this prospectus, the prospective purchaser should consult an authorized financial advisor.

Settlement

It is expected that delivery of the notes will be made on or about the date specified on the cover page of this prospectus supplement, which will be the second business day (T+2) following the date of this prospectus supplement. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in one business day (T+1), unless the parties to any such trade expressly agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+1 basis, investors who wish to trade the notes prior to the business day before a final settlement may be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

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LEGAL MATTERS

Certain legal matters in connection with this offering, including the validity of the notes, will be passed upon for AWCC and American Water by Morgan, Lewis & Bockius LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for AWCC and American Water by Jeffrey M. Taylor, Secretary of AWCC and Senior Vice President, Chief SEC Counsel and Secretary of American Water. The validity of the notes will be passed upon for the underwriters by Sullivan & Cromwell LLP, New York, New York. As of March 27, 2026, Mr. Taylor owned 2,862 shares of American Water's common stock, 3,344 unvested performance stock units (at target), and 989 unvested restricted stock units.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to American Water Works Company, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2025 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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American Water Works Company, Inc.

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American Water Capital Corp.

Debt Securities

The securities covered by this prospectus may be sold by American Water Works Company, Inc., or American Water, from time to time, independently or together with American Water Capital Corp., or AWCC, a wholly-owned subsidiary of American Water Works Company, Inc. Any debt securities issued by AWCC will have the benefit of a support agreement from American Water. In addition, selling security holders who may be named in a prospectus supplement may offer and sell from time to time securities in such amounts as set forth in such prospectus supplement. We may, and any selling security holder may, offer the securities independently or together in any combination for sale directly to purchasers or through underwriters, dealers or agents to be designated at a future date. We may, and any selling security holder may, offer and sell these securities in amounts, at prices and on terms determined at the time of the offering. Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from the sale of securities by any selling security holders.

When we offer securities, a prospectus supplement will describe the specific terms of the specific issue of securities. Prospectus supplements may also add, update or change the information in this prospectus. You should carefully read this prospectus and the prospectus supplement relating to the specific issue of securities, together with the documents incorporated by reference, before you decide to invest in any of these securities.

American Water Works Company, Inc. common stock is listed on the New York Stock Exchange under the symbol "AWK." The mailing address of our principal executive offices is 1 Water Street, Camden, New Jersey 08102-1658, and the telephone number is (856) 955-4001.

Investing in these securities involves certain risks. See "Risk Factors" on page i of this prospectus. You should carefully review the risks and uncertainties described under the heading "Risk Factors" contained in this prospectus and any risk factors set forth in each applicable prospectus supplement and any related free writing prospectus, and under similar headings in the other documents incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The securities may be offered and sold to or through underwriters, dealers, agents or other third parties as designated from time to time, or directly to one or more other purchasers or through a combination of such methods on a continuous or delayed basis. See "Plan of Distribution" on page 31. If any underwriters, dealers or agents are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangements between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

The date of this prospectus is February 20, 2024.

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RISK FACTORS

An investment in our securities involves risk. Before you invest in securities issued by us, you should carefully consider the risks involved. Accordingly, you should carefully consider:

- the information contained in or incorporated by reference into this prospectus;
- the information contained in or incorporated by reference into any prospectus supplement relating to specific offerings of securities;
- the risks described in American Water's Annual Report on Form 10-K for its most recent fiscal year and in any Quarterly Report on Form 10-Q which American Water has filed since its most recent Annual Report on Form 10-K, each of which is incorporated by reference into this prospectus; and
- other risks and other information that may be contained in, or incorporated by reference from, other filings we make with the SEC, including in any prospectus supplement relating to specific offerings of securities.

The discussion of risks related to our business contained in or incorporated by reference into this prospectus or into any prospectus supplement comprises material risks of which American Water or AWCC is aware. If any of the events or developments described actually occurs, our business, financial condition or results of operations would likely suffer.

You should also be aware that new risks may emerge in the future at any time, and we cannot predict such risks or estimate the extent to which they may affect our business, financial condition or results of operations. The prospectus supplement applicable to each type or series of securities we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that American Water and AWCC filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf registration process, we, or certain of our security holders, may sell the securities described in this prospectus in one or more offerings from time to time. Each time we, or, under certain circumstances, certain of our security holders, sell securities under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to, modify or supersede the information contained in this prospectus. You should read both this prospectus and the applicable prospectus supplement together with the additional information referred to under "Where You Can Find More Information." If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement.

The prospectus supplement will describe: the terms of the securities offered, any initial public offering price, any price paid to us for the securities, the net proceeds to us, if any, the manner of distribution and any underwriting compensation and the other specific material terms related to the offering of the applicable securities. For more detail on the terms of the securities, you should read the exhibits filed with or incorporated by reference in our registration statement of which this prospectus forms a part.

The term "American Water" refers to American Water Works Company, Inc. The term "AWCC" refers to American Water Capital Corp. All references in this prospectus to "we," "our" and "us" generally refer to:

- American Water, specifically with respect to securities issued by American Water;
- American Water and AWCC, specifically with respect to debt securities issued by AWCC;
- American Water or American Water and AWCC, together, as the context requires, in the section entitled "Plan of Distribution"; and
- American Water and its consolidated subsidiaries in the sections entitled "Forward-Looking Statements," "Risk Factors" and "American Water Works Company, Inc.," and otherwise in descriptions of American Water's operations.

References to "securities" include any security that we or our security holders might sell under this prospectus or any prospectus supplement.

This prospectus contains summaries of certain provisions contained in some of the documents described herein. Please refer to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. Copies of the documents referred to herein have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described under "Where You Can Find More Information."

We have not authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus or any accompanying prospectus supplement or in any related free writing prospectus filed by us with the SEC. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The distribution of this prospectus and sale of these securities in certain jurisdictions may be restricted by law. You should inform yourself about and observe any such restrictions. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only and any information we have incorporated by reference is only accurate as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since that date.

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FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, the documents incorporated by reference or any other written or oral statements made by or on behalf of us may include statements that reflect current views with respect to future events. These statements are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, which is referred to as the "Securities Act," Section 21E of the Securities Exchange Act of 1934, as amended, which is referred to as the "Exchange Act," and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions.

Forward-looking statements are predictions based on our current expectations and assumptions regarding future events. Accordingly, these forward-looking statements are qualified by, and should be read together with, the risk factors and other cautionary statements contained in American Water's Annual Report on Form 10-K for the year ended December 31, 2023, and its other filings with the SEC, which are incorporated by reference into this prospectus, and you should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements we make speak only as of the date of the document in which they are contained. Except as required by the federal securities laws, we do not have any obligation, and we specifically disclaim any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on our businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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AMERICAN WATER WORKS COMPANY, INC.

We are the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. As a holding company, American Water conducts substantially all of its business operations through its subsidiaries. We employ approximately 6,500 employees to provide an estimated 14 million people with drinking water, wastewater and other water-related services in 24 states.

American Water's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively referred to in this prospectus as the Regulated Businesses. Services provided by the Regulated Businesses are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). American Water also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively referred to in this prospectus as Other. As used in this prospectus, Other also includes (i) corporate costs that are not allocated to the Company's Regulated Businesses segment, (ii) interest income related to a secured seller promissory note, as amended, representing a portion of the consideration for the December 2021 sale of American Water's Homeowner Services Group ("HOS"), (iii) income from assets not associated with the Regulated Businesses, (iv) eliminations of inter-segment transactions and (v) fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses.

American Water's principal executive offices are located at 1 Water Street, Camden, New Jersey 08102-1658 and its telephone number is (856) 955-4001.

AMERICAN WATER CAPITAL CORP.

American Water's financing activities include, among other things, the issuance of long-term and short-term debt, primarily through AWCC, its wholly owned finance subsidiary. AWCC has no significant assets or operations other than as associated with these financing activities. AWCC loans all of the net proceeds of its long-term debt financings to American Water's operating subsidiaries in its Regulated Businesses segment, as well as to American Water. AWCC also provides liquidity to the Regulated Businesses segment and American Water through AWCC's revolving credit facility and commercial paper program. AWCC may also perform, provide or assist in providing other ancillary services directly related to these financing activities, including cash management activities and hedging of interest-rate and other market risk exposures associated with its indebtedness. The proceeds of all of AWCC's long-term debt have been loaned to subsidiaries in American Water's Regulated Businesses segment and American Water, which debt is evidenced by promissory notes issued to AWCC by such subsidiaries and American Water, as applicable.

AWCC's principal executive offices are located at 1 Water Street, Camden, New Jersey 08102-1658 and its telephone number is (856) 955-4001.

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USE OF PROCEEDS

Unless otherwise set forth in a prospectus supplement, the net proceeds from the sale of AWCC debt securities will be used to repay certain of AWCC's outstanding indebtedness or loaned to American Water and/or the subsidiaries in its Regulated Businesses segment, and American Water and/or such subsidiaries may use the proceeds of such loans, and American Water may use the net proceeds from the sale of securities issued by American Water, for the following purposes:

- the repayment of, or the funding of sinking fund payments with respect to, long-term or short-term indebtedness incurred by American Water or one or more subsidiaries in American Water's Regulated Businesses segment;
- the repurchase of capital stock of American Water or one or more subsidiaries in its Regulated Businesses segment;
- acquisitions; and/or
- general corporate purposes, including without limitation for working capital, operation and maintenance expenses, infrastructure improvements and other capital expenditures.

Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from any sales of securities by any selling security holder who may be named in a prospectus supplement.

SELLING SECURITY HOLDERS

We may register securities covered by this prospectus for re-offer and resale by any selling security holder who may be named in a prospectus supplement. We may add secondary sales of securities by any selling security holder by filing a prospectus supplement with the SEC. We may register these securities to permit selling security holders to resell their securities when they deem appropriate. A selling security holder may resell all, a portion or none of their securities at any time and from time to time. We may register reoffers and resales of those securities through an underwriter or other plan of distribution as set forth in a prospectus supplement. See "Plan of Distribution."

Selling security holders may also sell, transfer or otherwise dispose of some or all of their securities in transactions exempt from the registration requirements of the Securities Act. We may pay all expenses incurred with respect to the registration of the securities owned by the selling security holders, other than underwriting fees, discounts or commissions, which will be borne by the selling security holders. A prospectus supplement may name the selling security holders and specify the amount of securities to be registered and sold and any other terms of the securities that may be sold by a selling security holder. The applicable prospectus supplement will also disclose whether any of the selling security holders has held any position or office with, has been employed by or otherwise has had a material relationship with us during the three years prior to the date of the applicable prospectus supplement.

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DESCRIPTION OF CAPITAL STOCK

The following description of American Water's common stock and preferred stock is not intended to be complete. For more information regarding the common stock and preferred stock that may be offered by this prospectus, please refer to American Water's restated certificate of incorporation, which is referred to below as American Water's "certificate of incorporation," and American Water's amended and restated bylaws, which is referred to below as American Water's "bylaws." The certificate of incorporation and bylaws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The terms of these securities also may be affected by the General Corporation Law of the State of Delaware, which is referred to below as the DGCL.

General

American Water's authorized capital stock consists of 500,000,000 shares of common stock, par value $0.01 per share, and 50,000,000 shares of preferred stock. As of February 6, 2024, there were 194,755,320 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

Other than with respect to director elections, except as otherwise required by law, all matters to be voted on by American Water's shareholders must be approved by a majority of the shares present in person or proxy at such meeting and entitled to vote on the subject matter. With respect to uncontested director elections, American Water's bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast (for this purpose, a majority of the votes cast means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee). For contested director elections where the number of nominees exceeds the number of directors to be elected, American Water's bylaws require that the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Dividends

Holders of common stock will share equally in any dividend declared by American Water's board of directors, subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of American Water's affairs, holders of American Water's common stock would be entitled, after payment of the liquidation preference to all holders of any outstanding preferred stock, to share ratably in American Water's assets that are legally available for distribution to shareholders after payment of liabilities. American Water must pay the applicable distribution to any holders of its preferred stock before it may pay distributions to the holders of its common stock.

Other Rights

American Water's shareholders have no preemptive or other rights to subscribe for additional shares.

Preferred Stock

American Water's board of directors may authorize the issuance of preferred stock from time to time in one or more series, without shareholder approval. Subject to the limits imposed by the DGCL, the board of directors

is authorized to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series. American Water's board of directors is also authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by American Water's shareholders.

American Water's board of directors may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of American Water's common shareholders. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control, causing the market price of shares of American Water's common stock to decline, or impairing the voting and other rights of the holders of American Water's common stock. Any restriction on the repurchase or redemption of shares of preferred stock while dividends on such shares are in arrears shall be set forth in the applicable prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information referred to under "Where You Can Find More Information."

For any series of preferred stock that American Water may issue, American Water's board of directors will determine and the prospectus supplement relating to such series will describe:

- the number of shares constituting such series and the distinctive designation of the series;
- the dividend rate on the shares of the series, the conditions and dates upon which dividends thereon shall be payable, the extent, if any, to which dividends thereon shall be cumulative, and the relative rights of preference, if any, of payment of dividends thereon;
- whether or not the shares of the series are redeemable and, if redeemable, the time or times during which they shall be redeemable and the amount per share payable on redemption thereof, which amount may, but need not, vary according to the time and circumstances of such redemption;
- the amount payable in respect of the shares of the series, in the event of any liquidation, dissolution or winding up of American Water, which amount may, but need not, vary according to the time or circumstances of such action, and the relative rights of preference, if any, of payment of such amount;
- any requirement as to a sinking fund for the shares of the series, or any requirement as to the redemption, purchase or other retirement by American Water of the shares of the series;
- whether or not the shares of the series will have priority over or be on a parity with or be junior to the shares of any other series or class of stock in any respect, or will be entitled to the benefit of limitations restricting the issuance of shares of any other series or class of stock, restricting the payment of dividends on or the making of other distributions in respect of shares of any other series or class of stock ranking junior to the shares of the series as to dividends or assets, or restricting the purchase or redemption of the shares of any such junior series or class, and the terms of any such restriction;
- the right, if any, to exchange or convert shares of the series into other securities or property, and the rate or basis, time, manner and condition of exchange or conversion;
- the voting rights, if any, to which the holders of shares of the series shall be entitled in addition to the voting rights provided by law; and
- any other term, condition or provision with respect to the series not inconsistent with the provisions of American Water's certificate of incorporation or any resolution adopted by the board of directors pursuant thereto.

Certain Anti-Takeover Provisions of American Water's Certificate of Incorporation and Bylaws, and the DGCL

The following provisions of American Water's certificate of incorporation and bylaws could deter, delay or prevent a third party from acquiring American Water, even if doing so would benefit American Water's shareholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for American Water's board of directors to authorize the issuance of preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire American Water. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of American Water.

Requirements for Advance Notification of Shareholder Meetings, Nominations and Proposals

American Water's bylaws provide that special meetings of shareholders may be called only upon the request of the majority of the members of American Water's board of directors, upon request of American Water's Board Chair, or by American Water's Secretary upon request of shareholders holding at least 15% of American Water's outstanding common stock. American Water's bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

American Water's bylaws establish advance notice procedures with respect to shareholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of American Water's board of directors or a committee of the board of directors. A shareholder who wishes to bring a matter before a meeting or submit candidates for nomination as directors must comply with American Water's advance notice requirements and provide American Water with certain information and, if applicable under the bylaws, provide to American Water certain agreements and undertakings. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the members of American Water's board of directors then in office, even though less than a quorum, or by shareholders. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of American Water.

Shareholder Action by Written Consent

As permitted by Section 228 of the DGCL, American Water's certificate of incorporation states that any action required or permitted to be taken by American Water's shareholders must be effected at a duly called annual or special meeting of American Water's shareholders and may not be effected by consent in writing by such shareholders.

Approval of Acquisition of Control by Public Utility Commission

A significant number of American Water's regulated subsidiaries are subject to economic regulation by state public utility commissions. Some of these states have enacted laws that require regulatory approval for the acquisition of "control" of any regulated utility. In those states, obtaining "control" of the parent or any other company that controls a regulated utility also requires prior regulatory approval. The threshold for a change in control is a fact-specific inquiry that varies by state. For example, in some states, a presumption of control will arise when an acquiring party acquires more than 9.9% of the voting securities of the regulated utility or the controlling entity. In addition to ownership, other states may analyze the degree of influence or control an acquiror may exert over American Water. Any person acquiring American Water's common stock in an offering or in any other purchase of American Water's common stock in an amount sufficient to trigger a change in control under state law would need the prior approval of the applicable state public utility commission.

Certain Other Provisions of American Water's Certificate of Incorporation and Bylaws and the DGCL

Board of Directors

American Water's certificate of incorporation provides that the number of directors is fixed in the manner provided in American Water's bylaws. American Water's bylaws provide that the number of directors will be fixed from time to time by American Water's board of directors.

Business Combinations Under the DGCL

American Water is subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the shareholder became an "interested stockholder," subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the shareholder becoming an "interested stockholder." "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Limitations of Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties. American Water's certificate of incorporation includes a provision that eliminates the personal liability of directors (but not officers) for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of the duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful dividends or stock repurchases); or
- for transactions from which the director derived an improper personal benefit.

American Water's certificate of incorporation and bylaws provide that American Water will indemnify its directors and officers to the fullest extent permitted by law. American Water's bylaws also expressly authorize American Water to carry directors' and officers' insurance providing indemnification for American Water's directors, officers and certain employees and agents for certain liabilities.

The limitation of liability and indemnification provisions in American Water's certificate of incorporation and bylaws may discourage shareholders from bringing a lawsuit against American Water's directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against American Water's directors and officers, even though such an action, if successful, might otherwise benefit American Water and its shareholders. In addition, your investment in American Water's common stock may be adversely affected to the extent American Water pays the costs of settlement and damage awards against directors and officers in accordance with these indemnification provisions.

Proxy Access

American Water's bylaws permit an eligible shareholder or group of shareholders to include up to a specified number of director nominees in American Water's proxy materials for an annual meeting of shareholders. To qualify, the shareholders (or group of up to 20 shareholders) must have continuously owned for

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at least three years 3% or more of American Water's outstanding common stock. The maximum number of shareholder nominees permitted under this proxy access provision is the greater of (i) two or (ii) 20% of the total number of directors on American Water's board of directors as of the last day on which a proxy access notice may be submitted, rounded down to the nearest whole number.

Transfer Agent and Registrar

Equiniti Trust Company, LLC serves as the registrar and transfer agent for American Water's common stock.

New York Stock Exchange Symbol

American Water's common stock is listed on the New York Stock Exchange under the trading symbol "AWK."

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DESCRIPTION OF AWCC DEBT SECURITIES AND AMERICAN WATER SUPPORT AGREEMENT

The following description of the terms of the debt securities sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities offered by any prospectus supplement will be described in the prospectus supplement relating to those debt securities. Accordingly, for a description of the terms of a particular issue of debt securities, reference must be made to both the prospectus supplement relating thereto and to the following description.

AWCC may issue debt securities from time to time in one or more series. The debt securities will be general obligations of AWCC. Any debt securities issued by AWCC will have the benefit of a support agreement from American Water. In the event that any series of debt securities will be subordinated to other indebtedness that AWCC has outstanding or may incur, the terms of the subordination will be set forth in the prospectus supplement relating to the subordinated debt securities. Each series of debt securities offered by this prospectus will be issued under an indenture dated as of December 4, 2009, between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as the same may be amended or supplemented from time to time. The indenture and the form of supplemental indenture or other instrument establishing the debt securities of a particular series are filed as exhibits to, or will be subsequently incorporated by reference into, the registration statement of which this prospectus is a part. There is no requirement under the indenture that future issuances of AWCC's debt securities be issued exclusively under the indenture, and we will be free to employ other indentures or documentation, containing provisions different from those included in the indenture or applicable to one or more issuances of debt securities in connection with future issuances of other debt securities.

The following discussion of certain provisions of the indenture is a summary only and should not be considered a complete description of the terms and provisions of the indenture. Accordingly, the following discussion is qualified in its entirety by reference to the provisions of the indenture, including the definition of certain terms used below.

General

The debt securities represent direct, unsecured, general obligations of AWCC and:

- may rank equally with other unsubordinated debt or may be subordinated to other debt AWCC has or may incur;
- may be issued in one or more series with the same or various maturities;
- may be issued at a price of 100% of their principal amount or at a premium or discount;
- may be issued in registered or bearer form and certificated or uncertificated form;
- may be represented by one or more global securities registered in the name of a designated depositary's nominee; and
- will have the benefit of a support agreement, dated June 22, 2000, and amended on July 26, 2000, between AWCC and American Water, which is referred to as the "support agreement."

The aggregate principal amount of debt securities that AWCC may authenticate and deliver under the indenture is unlimited. The debt securities may be issued in one or more series as may be authorized from time to time. We will include some or all of the following information about a particular series of debt securities in a prospectus supplement relating to that particular series of debt securities:

(1) the title of the debt securities of the series (which shall distinguish the debt securities of that particular series from the debt securities of any other series);

(2) the price or prices of the debt securities of the series;

(3) any limit upon the aggregate principal amount of the debt securities of the series which may be authenticated and delivered under the indenture (except for debt securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other debt securities of the series and except for any debt securities which are deemed never to have been authenticated and delivered);

(4) the person to whom any interest on a debt security of the series shall be payable, if other than the person in whose name that debt security (or one or more predecessor securities) is registered at the close of business on the regular record date for such interest;

(5) the date or dates on which the principal and premium of any debt securities of the series are payable;

(6) the rate or rates (which may be fixed or variable) at which any debt securities of the series shall bear interest (if any), or the method of determining such rate or rates, the date or dates from which any such interest shall accrue, the interest payment dates on which any such interest shall be payable, and the regular record date for any such interest payable on any interest payment date;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which any debt securities of the series may be redeemed, in whole or in part, at the option of AWCC (including without limitation the number of basis points specified for such series for purposes of determining any make-whole amount in respect thereof, and any reference treasury dealers for such series) and, if other than by a board resolution, the manner in which any election by AWCC to redeem the debt securities shall be evidenced;

(8) the obligation, if any, of AWCC to redeem or purchase any debt securities of the series at the option of the holder thereof, or at the option of any other person, and the period or periods within which, the price or prices at which and the terms and conditions upon which any debt securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any debt securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, and such other or additional provisions (including, without limitation, in respect of defeasance and covenant defeasance) as shall be necessary and desirable in connection therewith;

(10) if other than the entire principal amount thereof, the portion of the principal amount of any debt securities of the series which shall be payable upon declaration of acceleration of the maturity thereof;

(11) if the principal amount payable at the stated maturity of any debt securities of the series will not be determinable as of any one or more dates prior to the stated maturity, the amount which shall be deemed to be the principal amount of such debt securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any maturity other than the stated maturity or which shall be deemed to be outstanding as of any date prior to the stated maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(12) if applicable, that any debt securities of the series shall be issuable in whole or in part in the form of one or more debt securities in registered, global form without interest coupons, which are referred to as “global securities,” and, in such case, the respective depositaries for such global securities, the form of any legend or legends which shall be borne by any such global security, whether such global securities shall be in the form of registered securities, restricted securities or Regulation S securities and any circumstances in which any such global security may be exchanged in whole or in part for debt securities registered, and any transfer of such global security in whole or in part may be registered, in the name or names of persons other than the depositary for such global security or a nominee thereof;

(13) the terms, if any, upon which the debt securities of the series may be convertible into or exchanged for AWCC's other debt securities or other securities of any kind and the terms and conditions upon which such conversion or exchange shall be effected, including the initial conversion or exchange price or rate, the conversion or exchange period and any other additional provisions;

(14) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which the debt securities of the series shall be issuable;

(15) if the amount of principal, premium or interest with respect to the debt securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts will be determined;

(16) any changes or additions to the provisions of the indenture dealing with defeasance;

(17) the terms, if any, of the transfer, mortgage, pledge or assignment as security for the debt securities of the series of any properties, assets, moneys, proceeds, securities or other collateral, including whether certain provisions of the Trust Indenture Act of 1939, as amended, or the "Trust Indenture Act", are applicable and any corresponding changes to provisions of the indenture as then in effect;

(18) any addition to or change in the events of default with respect to any debt securities of the series and any change in the right of the trustee or the holders of such series of debt securities to declare the principal, premium and interest, if any, on such series of debt securities due and payable;

(19) any trustee, authenticating agent, paying agent, transfer agent or registrar;

(20) the applicability of, and any addition to or change in, the covenants and definitions set forth in the indenture which applies to the debt securities;

(21) the subordination, if any, of the debt securities of the series pursuant to the indenture and any changes or additions to the provisions of the indenture relating to subordination;

(22) with regard to debt securities of the series that do not bear interest, the dates for certain required reports to the trustee;

(23) any material U.S. federal income tax consequences applicable to the debt securities; and

(24) any other terms of the series.

All debt securities of one series need not be issued at the same time, and a series may be re-opened for issuances of additional debt securities of such series. This means that AWCC may from time to time, without notice to, or without the consent of any existing holders of the previously-issued debt securities of a particular series, create and issue additional debt securities of such series. Such additional debt securities will have the same terms as the previously-issued debt securities of such series in all respects except for the issue date and, if applicable, the initial interest payment date. The additional debt securities will be consolidated and form a single series with the previously-issued debt securities of such series.

Support Agreement

AWCC's indebtedness (including debt securities) has the benefit of the support agreement. The support agreement, which, under the circumstances described below, is the functional equivalent of a guarantee, provides, among other things, that:

- American Water owns, and during the term of the support agreement shall continue to own, all of the voting stock of AWCC free and clear of any lien, security interest or other charge or encumbrance;
- American Water will provide to AWCC, at its request or the request of any lender (including any holder of debt securities), funds in the form of cash or liquid assets (as equity or, if American Water and AWCC agree, as a loan subordinated to any and all indebtedness, whether or not that indebtedness is outstanding at the time of the loan) as required if AWCC is unable to make timely payment of interest, principal or premium, if any, on any indebtedness issued by it;

- American Water will cause AWCC to have at all times a positive tangible net worth (total assets less liabilities less intangible assets), as determined in accordance with GAAP; and
- if AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of interest, principal or premium, if any, owed to a lender (including any holder of debt securities) when due, that lender may proceed directly against American Water to enforce such rights or to obtain payment of the defaulted interest, principal or premium, if any, owed to that lender.

No amendment to the support agreement that adversely affects the rights of any lender (including any holder of debt securities) and no termination of the support agreement will be effective until such time as all indebtedness of AWCC shall have been irrevocably paid in full and all commitments for indebtedness have been terminated, unless the lenders (including holders of debt securities or the trustee acting on behalf of debt security holders) holding all of the aggregate principal amount of debt outstanding and (to the extent not outstanding) committed to consent in writing thereto. Notwithstanding the foregoing sentence, any amendment to the support agreement for the purposes of (i) increasing the minimum net worth as provided in the support agreement, (ii) establishing or increasing a minimum interest coverage ratio, (iii) establishing or reducing a maximum amount of debt leverage, (iv) increasing the aggregate principal amount of debt outstanding whose holders are required to consent to the termination or amendment of the support agreement, or (v) any combination of clauses (i), (ii), (iii) and (iv) of this sentence, shall be effective without the consent of any lender (including any holder of debt securities or trustee acting on behalf of such holder). In addition, nothing in the prior two sentences shall derogate from, or override, any provision in an instrument, indenture, agreement or other document pursuant to which indebtedness is or will be issued that requires the written consent of the holders of a specified amount or percentage of that indebtedness to consent to an amendment or termination of the support agreement.

Certain Covenants

Unless otherwise provided in the prospectus supplement for a particular series of debt securities, the indenture, as supplemented for a particular series of debt securities, will contain the following covenants for the benefit of the holders of such series of debt securities, which will be applicable (unless waived or amended) so long as any of the debt securities of such series are outstanding:

Restrictions on Liens

AWCC will not, and will not allow American Water, as the support provider, or any of its subsidiaries, as defined below, to, create, incur, issue or assume any liens, as defined below, on American Water's or its subsidiaries' respective property to secure debt, as defined below, where the debt secured by those liens would exceed an amount equal to 15% of our consolidated tangible total assets, as defined below (calculated to exclude debt secured by permitted liens). This restriction does not apply to the following permitted liens:

(a) liens existing, or created pursuant to the terms of agreements existing, on the date of the indenture;

(b) liens consisting of (i) pledges or deposits in the ordinary course of business to secure obligations under workmen's compensation laws or similar legislation, (ii) deposits in the ordinary course of business to secure or in lieu of surety, appeal or customs bonds to which AWCC, American Water or any of its subsidiaries is a party, (iii) liens created by or resulting from any litigation or legal proceeding which is currently being contested in good faith by appropriate proceedings diligently conducted, (iv) pledges or deposits in the ordinary course of business to secure performance in connection with bids, tenders or contracts (other than contracts for the payment of money) or (v) materialmen's, mechanics', carriers', workmen's repairmen's or other like liens incurred in the ordinary course of business for sums not yet due or currently being contested in good faith by appropriate proceedings diligently conducted;

(c) liens created to secure tax-exempt debt, in connection with the financing or refinancing of the purchase, lease or construction of properties;

(d) any lien on any asset of any person existing at the time the person is merged or consolidated with or into, or such asset is acquired by AWCC, American Water or any of its subsidiaries and not created in contemplation of such event;

(e) liens created to secure sales of accounts receivable and other receivables;

(f) licenses of intellectual property granted by AWCC, American Water or any of its subsidiaries in the ordinary course of business and not interfering in any material respect with the ordinary conduct of business;

(g) liens of landlords arising under real property leases to the extent those liens arise in the ordinary course of business and do not secure any past due obligation for the payment of money;

(h) any interest or title of a lessor or sublessor under any lease permitted by the indenture;

(i) liens securing debt which has neither been assumed by AWCC, American Water or any of its subsidiaries nor upon which AWCC, American Water or any of its subsidiaries customarily pay interest charges, existing upon real property, or rights in or relating thereto, which real property or rights were acquired for right-of-way purposes;

(j) zoning laws and ordinances;

(k) any leases required to be capitalized on a balance sheet of the lessee in accordance with GAAP;

(l) easements, rights-of-way, restrictions, conditions and other similar encumbrances, minor defects or irregularities of title, and alleys, streets and highways, which in the aggregate do not materially impair the usefulness of the mortgaged property in the present business of AWCC, American Water or any of its subsidiaries;

(m) leases of the properties of AWCC, American Water or any of its subsidiaries, in each case entered into in the ordinary course of business and that do not, individually or in the aggregate, (i) interfere in any material respect with the ordinary course of business or (ii) materially impair the value of the property subject thereto;

(n) liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by AWCC, American Water or any of its subsidiaries in the ordinary course of business in accordance with the past practices of AWCC, American Water or such subsidiary;

(o) bankers' liens, right of setoff and other similar liens (including deposits required by interest rate swap agreements) existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by AWCC, American Water or any of its subsidiaries, in each case granted in the ordinary course of business in favor of the financial institutions with which such accounts are maintained, securing amounts owing to such financial institutions with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements; provided that, unless such liens are non-consensual and arise by operation of law, in no case shall any such liens secure (either directly or indirectly) the repayment of any debt;

(p) liens for taxes, assessments or governmental charges or levies not yet delinquent and which may subsequently be paid without interest or penalties and liens for taxes, assessments or governmental charges or levies which are being contested in good faith by appropriate proceedings for which reserves have been established to the extent required by GAAP;

(q) any lien on any property of AWCC, American Water or any of its subsidiaries securing obligations not exceeding in the aggregate $100 million outstanding any time;

(r) liens on any property, acquired, constructed or improved by AWCC, American Water or any of its subsidiaries after the date of the indenture, and any improvements thereon, accessions thereto or other property acquired or constructed for use in connection therewith or related thereto, which are created or assumed prior to or contemporaneously with, or within 180 days after, such acquisition or completion

of such construction or improvement, or within one year thereafter pursuant to a firm commitment for financing arranged with a lender or investor within such 180-day period, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement incurred after the date of the indenture or liens on any property existing at the time of acquisition thereof; *provided*, that the liens shall not extend to any property theretofore owned by AWCC, American Water or any of its subsidiaries other than, in the case of any such construction or improvement, (i) unimproved real property on which the property so constructed or the improvement is located, (ii) other property (or improvement thereon) which is an improvement to or is acquired or constructed for use in connection therewith or related thereto, (iii) any right and interest under any agreement or other documents relating to the property being so constructed or improved or such other property and (iv) the stock of any subsidiary of American Water created or maintained for the primary purpose of owning the property so constructed or improved;

(s) liens on property securing debt if, prior to or concurrently with the issuance, assumption or guarantee of such debt, the debt securities (together with, if AWCC shall so determine, (i) any other debt of or guaranteed by AWCC ranking equally with the debt securities or (ii) any debt of American Water or any of its subsidiaries then existing or thereafter created) are secured by such property equally and ratably with (or prior to) such debt (for so long as such debt is secured by such liens);

(t) liens securing the debt securities;

(u) liens securing debt owed to AWCC, American Water or any of its subsidiaries; and

(v) liens created for the sole purpose of refinancing, extending, renewing or replacing in whole or in part debt or other obligations secured by any lien referred to in the foregoing subsections (a) through (t); *provided*, *however*, that the principal amount of debt or obligations secured thereby shall not exceed the principal amount of debt or obligations so secured at the time of such refinancing, extension, renewal or replacement *plus* the amount of any premiums required to be paid thereon and reasonable fees and expenses associated therewith and that such refinancing, extension, renewal or replacement, as the case may be, shall be limited to all or a part of the property that secured the lien or mortgage so refinanced, extended, renewed or replaced (and any improvements on such property).

"Debt" means, for any person (without duplication), all (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or service (other than trade payables not overdue by more than 90 days incurred in the ordinary course of business and long term water purchase contracts), (iv) obligations under capital leases, (v) indebtedness of the type referred to in clauses (i) through (iv) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by), any lien or encumbrance on, or security interest in, property (including, without limitation, accounts and contract rights) owned by such person, even though such person has not assumed or become liable for the payment of such indebtedness, and (vi) all obligations of such person for indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above under direct or indirect guarantees, excluding, in all cases, (i) advances for construction and contributions in aid of construction as set forth on the consolidated balance sheet of American Water and its subsidiaries, (ii) reimbursement obligations (contingent or otherwise) in respect of outstanding letters of credit and (iii) attributable debt in respect of sale and leaseback transactions, as defined below.

"Lien" means any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property or asset of such person.

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by American Water or by one or more other subsidiaries, or by American Water and one or more other subsidiaries.

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Restrictions on Sales and Leasebacks

AWCC will not, and will not allow American Water or any of its subsidiaries to, enter into any sale and leaseback transaction without effectively providing that the debt securities will be secured equally and ratably with or prior to the sale and leaseback transaction, unless:

- the aggregate amount of the attributable debt of AWCC, American Water and its subsidiaries in respect of sale and leaseback transactions then outstanding would not exceed an amount equal to 15% of consolidated tangible total assets, as defined below, or
- AWCC, American Water or any of its subsidiaries, within 12 months of the sale and leaseback transaction, retire an amount of secured debt which is not subordinate to the debt securities in an amount equal to the greater of (1) the net proceeds of the sale or transfer of the property or other assets that are the subject of the sale and leaseback transaction or (2) the fair market value of the property leased.

A "sale and leaseback transaction" is an arrangement between AWCC, American Water or any of its subsidiaries and a bank, insurance company or other lender or investor where AWCC, American Water or any of its subsidiaries leases property for an initial term of three years or more that was or will be sold by AWCC, American Water, or such subsidiary to that lender or investor for a sale price of $1 million or its equivalent or more.

"Attributable debt" means the lesser of (1) the fair market value of the asset subject to the sale and leaseback transaction and (2) the present value, determined in accordance with GAAP (discounted at a rate equal to the rate of interest implicit in such transaction), of the obligations of the lessee for the net rental payments (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments and similar charges and contingent rents) during the term of the lease.

"Consolidated tangible total assets" means, as at any applicable time of determination, consolidated total assets less, without duplication, all intangible assets such as goodwill, trademarks, trade names, patents and unamortized debt discount and expense carried as an asset, in each case as set forth in American Water's most recent consolidated balance sheet.

"Consolidated total assets" means, as at any applicable time of determination, the consolidated total assets of American Water and its subsidiaries as set forth in American Water's most recent consolidated financial statements.

Merger, Consolidation or Sale of Assets

Neither AWCC nor American Water will consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

(i) the successor formed by a consolidation or the survivor of a merger or the person that acquires by conveyance, transfer or lease all or substantially all of the assets of AWCC or American Water as an entirety, as the case may be, is a person organized and existing under the laws of the United States or any State thereof (including the District of Columbia), and expressly assumes, in the case of AWCC, the due and punctual payment of the principal of and any premium and interest on all the debt securities and the performance or observance of every covenant of the indenture on the part of AWCC to be performed or observed, and, in the case of American Water, all the obligations under the support agreement to be performed or observed, and such person shall have caused to be delivered to the trustee an officers' certificate and an opinion of counsel to the effect that such consolidation, merger, conveyance, transfer or lease complies with this covenant; and

(ii) immediately before and immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, has occurred and is continuing.

Upon any consolidation by AWCC or American Water with or merger by AWCC or American Water into any other person or any conveyance, transfer or lease of either AWCC's or American Water's properties and assets substantially as an entirety in accordance with this covenant, the successor person formed by such consolidation or into which it is merged or to which such conveyance, transfer or lease is made will succeed to, and be substituted for, and may exercise every right and power of, AWCC or American Water, as applicable, under the indenture and the support agreement with the same effect as if such successor person had been named as AWCC or American Water, as applicable, therein, and thereafter, except in the case of a lease, the predecessor person will be relieved of all obligations and covenants, in the case of AWCC under the indenture, the debt securities and, in the case of American Water, under the support agreement.

Support Agreement

American Water may not (a) cancel or terminate the support agreement or (b) amend or otherwise modify the terms of the support agreement, except in accordance with the support agreement. See "Support Agreement."

Subordination

A series of debt securities may be subordinated, which are referred to as "subordinated debt securities," to senior indebtedness (as would be defined in the applicable prospectus supplement) to the extent set forth in the prospectus supplement relating thereto. To the extent American Water conducts its operations through subsidiaries, the holders of debt securities (whether or not subordinated debt securities) will be structurally subordinated to the creditors of American Water's subsidiaries with respect to American Water's obligations under the support agreement, except to the extent such subsidiary is a guarantor of such series of debt securities.

Events of Default

Each of the following constitutes an event of default under the indenture with respect to any series of debt securities:

(1) default for 30 days in the payment when due of interest on any debt security of that series;

(2) default in the payment when due of the principal of, or premium, if any, on any debt security of that series;

(3) default in the deposit of any sinking fund payment, when and as due by the terms of debt securities of that series;

(4) failure by AWCC or American Water to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(5) default in the performance, or breach by AWCC or American Water, as applicable, of any other covenant or warranty in the indenture or the support agreement for 60 days after (i) AWCC and American Water receive written notice of such default or breach from the trustee or (ii) AWCC, American Water and the trustee receive written notice of such default or breach from the holders of at least 25% in principal amount of the debt securities of that series; provided, however, that except with respect to defaults under or breaches of the covenant described under "—Certain Covenants—Restrictions on Liens," holders of a series of debt securities will be deemed to have agreed to an extension of such 60-day period to 120 days so long as corrective action is initiated by AWCC or American Water within such 60-day period unless such corrective action is no longer being diligently pursued;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by AWCC or American Water (or the payment of which is guaranteed by AWCC or American Water), if that default is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace

period, or results in the acceleration of such indebtedness prior to its stated maturity and, in each case, the principal amount of any such indebtedness, together with the principal amount of any other indebtedness under which there has been a payment default after stated maturity or the maturity of which has been so accelerated, aggregates $100 million or more;

(7) failure by AWCC or American Water to pay final judgments aggregating (to the extent not paid or insured) in excess of $100 million, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay;

(8) except as permitted by the indenture, the support agreement shall cease for any reason to be in full force or effect or American Water, or any person acting on behalf of American Water, shall deny or disaffirm American Water's obligations under the support agreement; and

(9) certain events of bankruptcy or insolvency described in the indenture with respect to AWCC or American Water.

Any addition to or changes in the foregoing events of default may be described in the prospectus supplement for a particular series of debt securities.

In the case of an event of default arising from certain events of bankruptcy or insolvency, with respect to AWCC or American Water, all outstanding debt securities of such series will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding debt securities of such series may declare the principal amount of all the securities of that series to be due and payable immediately. After any such acceleration, but before a judgment or decree based on acceleration is obtained by the trustee, the holders of a majority in aggregate principal amount of the outstanding debt securities of such series may, under certain circumstances, rescind and annul such acceleration and waive such event of default if all events of default, other than the nonpayment of accelerated principal have been cured or waived as provided for in the indenture.

Holders of debt securities of a series may not enforce the indenture or such debt securities except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding debt securities of a series may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of a series of debt securities notice of any continuing default if it determines that withholding notice is in their interest, except a default relating to the payment of principal or interest.

Subject to the provisions of the indenture relating to the duties of the trustee, in case an event of default shall occur and be continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders of a series of debt securities, unless such holders shall have offered to the trustee reasonable indemnity or security against any loss, liability or expense. Subject to such provisions for indemnification of the trustee, the holders of a majority in principal amount of a series of debt securities then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series of outstanding debt securities.

The holders of a majority in aggregate principal amount of debt securities of a series then outstanding may, on behalf of the holders of all debt securities of such series, waive any past default and its consequences under the indenture except a default in the payment of interest on, or the principal of, debt securities of such series (other than the non-payment of principal of or interest on debt securities of such series that became due solely because of the acceleration of debt securities of such series) or a covenant or provision of the indenture that cannot be modified or amended without the consent of each holder of each debt security of such series affected.

AWCC is required to deliver to the trustee within 90 days after the end of each fiscal year a statement regarding compliance with the indenture during that fiscal year. Promptly (and in any event within 5 business

days) upon a responsible officer, as defined below, of AWCC becoming aware of any default or event of default, AWCC is required to deliver to the trustee a statement specifying that default.

"Responsible officer" means the chief executive officer, chief operating officer, general counsel, any senior financial officer and any other officer of AWCC with responsibility for the administration of the indenture.

"Senior financial officer" means the chief financial officer, principal accounting officer, treasurer or controller of AWCC.

Modification or Waiver

Except as provided below, AWCC and the trustee may supplement and amend the indenture with the consent of the holders of not less than a majority in principal amount of the outstanding debt securities. The consent of the holder of each outstanding debt security affected is required to:

- change the stated maturity of the principal of, or any installment of interest on, the debt securities;
- reduce the principal amount or the rate of interest on, or any premium payable upon the redemption of, the debt securities;
- change the place or currency of payment of principal of, interest on, or premium, if any, on, the debt securities;
- impair the right to institute suit for the enforcement of any such payment on or after the stated maturity of the debt securities or any redemption date for the debt securities;
- reduce the percentage of outstanding debt securities necessary to modify or amend the indenture or to consent to any waiver under the indenture;
- modify provisions related to waivers of past defaults or waivers of certain covenants, other than to increase the percentage of outstanding debt securities necessary for such waivers; or
- modify any of the above requirements.

AWCC and the trustee may supplement and amend the indenture without the consent of any holder for the following purposes:

- to evidence the succession of another entity to AWCC as obligor under the indenture and the debt securities;
- to add to the covenants of AWCC, American Water or a subsidiary of American Water for the benefit of the holders of the debt securities or to surrender any right or power conferred upon AWCC, American Water or any subsidiary of American Water;
- to provide for uncertificated debt securities in addition to or in place of certificated debt securities (provided that the uncertificated debt securities are issued in registered form for purposes of Section 163(f) of the Internal Revenue Code, or in a manner such that the uncertificated debt securities are described in Section 163(f)(2)(B) of the Internal Revenue Code);
- to secure the debt securities or add guarantees with respect to the debt securities;
- to establish the form or terms of debt securities as permitted by the indenture;
- to provide for the acceptance of appointment by a successor trustee;
- to cure any ambiguity, defect or inconsistency in the indenture or to make any other change that does not adversely affect the rights of any holder of the debt securities;
- to effect the assumption of the indenture by American Water; or

- to comply with any requirement of the SEC in connection with the qualification of the indenture under the Trust Indenture Act.

The consent of the holders of the debt securities is not necessary under the indenture to approve the particular form of any proposed amendment or supplemental indenture. It is sufficient if such consent approves the substance of the proposed amendment or supplemental indenture.

Prescription Period

Any money that AWCC deposits with the trustee or any paying agent for the payment of principal, premium, if any, or interest on any debt security that remains unclaimed for two years after the date upon which the principal, premium, if any, and interest are due and payable will be repaid to AWCC upon AWCC's request unless otherwise required by mandatory provisions of any applicable unclaimed property law. After that time, unless otherwise required by mandatory provisions of any unclaimed property law, the holder of any debt security will be able to seek any payment to which that holder may be entitled only from AWCC.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of AWCC or American Water, will have any liability for any obligations of AWCC or American Water under the debt securities, the indenture or the support agreement, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of a debt security by accepting such debt security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the debt securities. The waiver may not be effective to waive liabilities under the Securities Act and it is the view of the SEC that such waiver is against public policy.

Defeasance

At any time, AWCC may terminate all its obligations under debt securities of a series and the indenture with respect to such debt securities, which is referred to as "legal defeasance," except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of debt securities of such series, to replace mutilated, destroyed, lost or stolen debt securities of such series and to maintain a registrar and paying agent in respect of the debt securities of such series.

In addition, at any time AWCC may terminate its obligations under certain specified covenants with respect to a series of debt securities.

AWCC may exercise its legal defeasance option with respect to a series of debt securities notwithstanding its prior exercise of its covenant defeasance option with respect to such series of debt securities. If AWCC exercises its legal defeasance option with respect to a series of debt securities, payment of the debt securities of such series may not be accelerated because of an event of default with respect thereto. If AWCC exercises its covenant defeasance option with respect to a series of debt securities, payment of the debt securities of such series may not be accelerated because of a default related to the specified covenants.

In order to exercise either defeasance option with respect to debt securities of a series, AWCC must irrevocably deposit in trust, which is referred to as the "defeasance trust," with the trustee money or U.S. government obligations, or both, in an amount deemed sufficient in the opinion of a nationally recognized firm of independent public accountants for the payment of principal and premium, if any, and interest on such debt securities to maturity, and must comply with certain other conditions, including delivery to the trustee of an opinion of counsel to the effect that holders of the debt securities of such series will not recognize gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or change in applicable U.S. federal income tax law).

Discharge

When (i) AWCC delivers to the trustee all outstanding debt securities of a series (other than any debt securities replaced because of mutilation, loss, destruction or wrongful taking) for cancellation or (ii) all outstanding debt securities of such series have become due and payable, or are by their terms due and payable within one year whether at maturity or are to be called for redemption within one year under arrangements reasonably satisfactory to the trustee, and in the case of clause (ii) AWCC irrevocably deposits with the trustee funds sufficient to pay at maturity or upon redemption all outstanding debt securities of such series, including interest thereon, and if in either case AWCC pays all other sums related to the applicable series of debt securities payable under the indenture by AWCC, then the indenture shall, subject to certain surviving provisions, cease to be of further effect with respect to such series. The trustee shall acknowledge satisfaction and discharge of the indenture with respect to the applicable series of debt securities on request of AWCC accompanied by an officers' certificate and an opinion of counsel of AWCC.

Governing Law

The indenture and the debt securities will be governed by, and construed in accordance with, the laws of the State of New York, without regard to conflicts of laws principles thereof.

Book-Entry, Delivery and Form

Except as set forth in the applicable prospectus supplement, each series of debt securities will be issued in registered, global form and will be represented by one or more global securities. Upon issuance, each of the global securities will be deposited with the trustee as custodian for The Depository Trust Company, which is referred to as "DTC," in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the global securities may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global securities may not be exchanged for definitive debt securities in registered certificated form, which is referred to as "certificated debt securities," except in the limited circumstances described below. See "—Exchanges of Global Securities for Certificated Debt Securities." Except in the limited circumstances described below, owners of beneficial interests in the global securities will not be entitled to receive physical delivery of the debt securities in certificated form.

Transfers of beneficial interests in the global securities will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

Exchanges of Global Securities for Certificated Debt Securities

A beneficial interest in a global security may not be exchanged for a debt security in certificated form unless (i) DTC (x) notifies AWCC that it is unwilling or unable to continue as depository for such global security or (y) has ceased to be a clearing agency registered under the Exchange Act, or (ii) there shall have occurred and be continuing an event of default with respect to the debt securities. In all cases, certificated debt securities delivered in exchange for any global security or beneficial interests therein will be registered in the names, and issued in approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures).

Depository Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. American Water, AWCC and the trustee take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

Upon the issuance of the global securities, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global securities to the accounts with DTC, which are referred to as "participants," or persons who hold interests through participants. Ownership or beneficial interests in the global securities will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interest of persons other than participants).

As long as DTC, or its nominee, is the registered holder of a global security, DTC or such nominee, as the case may be, will be considered the sole owner and holder of the debt securities represented by such global security for all purposes under the indenture and the debt securities. Except in the limited circumstances described above under "—Exchanges of Global Securities for Certificated Debt Securities," owners of beneficial interests in a global security will not be entitled to have portions of such global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in definitive form and will not be considered the owners or holders of the global security (or any debt securities presented thereby) under the indenture or the debt securities. In addition, no beneficial owner of an interest in a global security will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those under the indenture referred to herein.

Investors may hold their interests in the global securities directly through DTC, if they are participants in such system, or indirectly through organizations which are participants in such system. All interests in a global security may be subject to the procedures and requirements of DTC.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global security to such persons may be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having beneficial interests in a global security to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Payments of the principal of and interest on global securities will be made to DTC or its nominee as the registered holder thereof. Neither AWCC, the trustee nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

AWCC expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global security representing any debt securities held by it or its nominee, will immediately credit participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such debt securities as shown on the records of DTC or its nominee. AWCC also expects that payments by participants to owners of beneficial interests in such global securities held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in "street name." Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in accordance with DTC's procedures.

DTC has advised AWCC that DTC will take any action permitted to be taken by a holder of debt securities (including the presentation of debt securities for exchange as described below) only at the direction of one or more participants to whose account with DTC interests in the global securities are credited and only in respect of such portion of the aggregate principal amount of the debt securities as to which such participant or participants has or have given such direction. However, if there is an event of default under the debt securities, DTC reserves the right to exchange the global securities for legended debt securities in certificated form, and to distribute such debt securities to its participants.

DTC has advised AWCC that DTC is:

- a limited purpose trust company organized under the New York Banking Law,
- a "banking organization" within the meaning of the New York Banking Law,
- a member of the Federal Reserve System,
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code, as amended, and
- a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly, which we refer to as indirect participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of beneficial ownership interests in the global securities among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of AWCC, the trustee nor any of their respective agents will have any responsibility for the performance by DTC or its participants or indirect participants of its respective obligations under the rules and procedures governing its operations, including maintaining, supervising or reviewing the records relating to, or payments made on account of, beneficial ownership interests in global securities.

Settlement and Payment

AWCC will make payments in respect of the debt securities represented by the global securities (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by the global security holder. AWCC will make all payments of principal, interest and premium, if any, with respect to certificated debt securities by wire transfer of immediately available funds to the accounts specified by the holders of the certificated debt securities or, if no such account is specified, by mailing a check to each such holder's registered address.

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DESCRIPTION OF DEPOSITARY SHARES

The following summary of certain provisions of the depositary shares does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the depositary agreement that will be filed with the SEC in connection with the offering of such depositary shares.

American Water may offer fractional shares of preferred stock, rather than full shares of preferred stock. If American Water decides to offer fractional shares of preferred stock, American Water will issue receipts for depositary shares. Each depositary share will represent a fraction of a share of a particular series of preferred stock, and the prospectus supplement will indicate that fraction. The shares of preferred stock represented by depositary shares will be deposited under a depositary agreement between American Water and a depositary that is a bank or trust company that meets certain requirements and is selected by American Water. The depositary will be specified in the applicable prospectus supplement. Each owner of a depositary share will be entitled to all of the rights and preferences of the preferred stock represented by the depositary share. The depositary shares will be evidenced by depositary receipts issued pursuant to the depositary agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock in accordance with the terms of the offering.

American Water has summarized selected provisions of the depositary agreement and the depositary receipts, but the summary is qualified in its entirety by reference to the provisions of the depositary agreement and the depositary receipts. The particular terms of any series of depositary shares will be described in the applicable prospectus supplement. If so indicated in the prospectus supplement, the terms of any such series may differ from the terms set forth below.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received by it in respect of the preferred stock to the record holders of depositary shares relating to such preferred shares in proportion to the numbers of depositary shares held on the relevant record date. The amount made available for distribution will be reduced by any amounts withheld by the depositary or American Water on account of taxes.

In the event of a distribution other than in cash, the depositary will distribute securities or property received by it to the record holders of depositary shares in proportion to the numbers of depositary shares held on the relevant record date, unless the depositary determines that it is not feasible to make such distribution. In that case, the depositary may make the distribution by such method as it deems equitable and practicable. One such possible method is for the depositary to sell the securities or property and then distribute the net proceeds from the sale as provided in the case of a cash distribution.

Withdrawal of Shares

Upon surrender of depositary receipts representing any number of whole shares at the depositary's office, unless the related depositary shares previously have been called for redemption, the holder of the depositary shares evidenced by the depositary receipts will be entitled to delivery of the number of whole shares of the related series of preferred stock and all money and other property, if any, underlying such depositary shares. However, once such an exchange is made, the preferred stock cannot thereafter be redeposited in exchange for depositary shares. Holders of depositary shares will be entitled to receive whole shares of the related series of preferred stock on the basis set forth in the applicable prospectus supplement. If the depositary receipts delivered by the holder evidence a number of depositary shares representing more than the number of whole shares of preferred stock of the related series to be withdrawn, the depositary will deliver to the holder at the same time a new depositary receipt evidencing the excess number of depositary shares.

Redemption of Depositary Shares

Whenever American Water redeems shares of the preferred stock, the depositary will redeem a number of depositary shares representing the same number of shares of preferred stock so redeemed. If fewer than all of the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot, pro-rata or by any other equitable method as the depositary may determine.

Voting of Underlying Shares

Upon receipt of notice of any meeting at which the holders of the preferred stock of any series are entitled to vote, the depositary will mail the information contained in the notice of the meeting to the record holders of the depositary shares relating to that series of preferred shares. Each record holder of the depositary shares on the record date will be entitled to instruct the depositary as to the exercise of the voting rights represented by the number of shares of preferred stock underlying the holder's depositary shares. The depositary will endeavor, to the extent it is practical to do so, to vote the number of whole shares of preferred stock underlying such depositary shares in accordance with such instructions. American Water will agree to take all action that the depositary may deem reasonably necessary in order to enable the depositary to do so. To the extent the depositary does not receive specific instructions from the holders of depositary shares relating to such preferred shares, it will abstain from voting such shares of preferred stock.

Amendment and Termination of Depositary Agreement

The form of depositary receipt evidencing the depositary shares and any provision of the applicable depositary agreement may at any time be amended by agreement between American Water and the depositary. American Water may, with the consent of the depositary, amend the depositary agreement from time to time in any manner that American Water desires. However, if the amendment would materially and adversely alter the rights of the existing holders of depositary shares, the amendment would need to be approved by the holders of at least a majority of the depositary shares then outstanding.

The depositary agreement may be terminated by American Water or the depositary if:

- all outstanding depositary shares have been redeemed; or
- there has been a final distribution in respect of the shares of preferred stock of the applicable series in connection with American Water's liquidation, dissolution or winding up and such distribution has been made to the holders of depositary receipts.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering to us notice of its election to do so. American Water may remove a depositary at any time. Any resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of appointment.

Charges of Depositary

American Water will pay all transfer and other taxes and governmental charges arising solely from the existence of any depositary arrangements. American Water will pay all charges of each depositary in connection with the initial deposit of the preferred shares of any series, the initial issuance of the depositary shares, any redemption of such preferred shares and any withdrawals of such preferred shares by holders of depositary shares. Holders of depositary shares will be required to pay any other transfer taxes.

Notices

Each depositary will forward to the holders of the applicable depositary shares all notices, reports and communications from American Water which are delivered to such depositary and which are required to be furnished to the holders of the preferred shares.

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Limitation of Liability

The depositary agreement will contain provisions that limit American Water's liability and the liability of the depositary to the holders of depositary shares. Both the depositary and American Water will also be entitled to an indemnity from the holders of the depositary shares prior to bringing, or defending against, any legal proceeding. American Water or any depositary may rely upon written advice of counsel or accountants, or information provided by persons presenting preferred shares for deposit, holders of depositary shares or other persons believed by American Water to be competent and on documents believed by American Water or them to be genuine.

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DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

The following summary of certain provisions of the stock purchase contracts and stock purchase units does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the stock purchase contract or stock purchase unit, as applicable, that will be filed with the SEC in connection with the offering of such securities.

American Water may issue stock purchase contracts, including contracts obligating holders to purchase from American Water, and obligating American Water to sell to the holders, a specified number of shares of common stock or other securities at a future date or dates, which are referred to as "stock purchase contracts." The price per share of the securities and the number of shares of the securities may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as part of units consisting of a stock purchase contract and debt securities, preferred securities, warrants or debt obligations of third parties, including U.S. treasury securities, securing the holders' obligations to purchase the securities under the stock purchase contracts, which are referred to as "stock purchase units." The stock purchase contracts may require holders to secure their obligations under the stock purchase contracts in a specified manner. The stock purchase contracts also may require American Water to make periodic payments to the holders of the stock purchase units or vice versa, and those payments may be unsecured or refunded on some basis.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will not necessarily be complete, and reference will be made to the stock purchase contracts, and, if applicable, collateral or depositary arrangements, relating to the stock purchase contracts or stock purchase units, which will be filed with the SEC each time American Water issues stock purchase contracts or stock purchase units. Material U.S. federal income tax considerations applicable to the stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

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DESCRIPTION OF SUBSCRIPTION RIGHTS

The following summary of certain provisions of the subscription rights does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the certificate evidencing the subscription rights that will be filed with the SEC in connection with the offering of such subscription rights.

General

American Water may issue subscription rights to purchase common stock, preferred stock, depositary shares or warrants to purchase preferred stock, common stock or depositary shares. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with any subscription rights offering to American Water's shareholders, American Water may enter into a standby underwriting arrangement with one or more underwriters pursuant to which such underwriters will purchase any offered securities remaining unsubscribed for after such subscription rights offering. In connection with a subscription rights offering to American Water's shareholders, American Water will distribute certificates evidencing the subscription rights and a prospectus supplement to American Water's shareholders on or about the record date that American Water sets for receiving subscription rights in such subscription rights offering.

The applicable prospectus supplement will describe the following terms of subscription rights in respect of which this prospectus is being delivered:

- the title of such subscription rights;
- the securities for which such subscription rights are exercisable;
- the exercise price for such subscription rights;
- any provisions for changes to or adjustments in the exercise price for such subscription rights;
- the number of such subscription rights each shareholder will be entitled to receive, on a per share basis;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights shall commence, and the date on which such rights shall expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that American Water may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

Exercise of Subscription Rights

Each subscription right will entitle the holder of the subscription right to purchase for cash such amount of shares of preferred stock, depositary shares, common stock, warrants or any combination thereof, at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights will become void.

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Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, American Water will forward, as soon as practicable, the shares of preferred stock or common stock, depositary shares or warrants purchasable upon such exercise. American Water may determine to offer any unsubscribed offered securities directly to persons other than shareholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting arrangements, as set forth in the applicable prospectus supplement.

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DESCRIPTION OF WARRANTS

The following summary of certain provisions of the warrants does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the warrant agreement that will be filed with the SEC in connection with the offering of such warrants.

General

American Water may issue warrants for the purchase of debt securities, preferred stock, depositary shares or common stock. Warrants may be issued independently or together with debt securities, preferred stock, depositary shares or common stock offered by any prospectus supplement and may be attached to or separate from any such offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between American Water and a bank or trust company, as warrant agent. The warrant agent will act solely as American Water's agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

Debt Warrants

The prospectus supplement relating to a particular issue of debt warrants will describe the terms of such debt warrants, including the following:

- the title of such debt warrants;
- the offering price for such debt warrants, if any;
- the aggregate number of such debt warrants;
- the designation and terms of the debt securities purchasable upon exercise of such debt warrants;
- if applicable, the designation and terms of the debt securities with which such debt warrants are issued and the number of such debt warrants issued with each such debt security;
- if applicable, the date from and after which such debt warrants and any debt securities issued therewith will be separately transferable;
- the principal amount of debt securities purchasable upon exercise of a debt warrant and the price at which such principal amount of debt securities may be purchased upon exercise (which price may be payable in cash, securities, or other property);
- the date on which the right to exercise such debt warrants shall commence and the date on which such right shall expire;
- if applicable, the minimum or maximum amount of such debt warrants that may be exercised at any one time;
- whether the debt warrants represented by the debt warrant certificates or debt securities that may be issued upon exercise of the debt warrants will be issued in registered or bearer form;
- information with respect to book-entry procedures, if any;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- if applicable, a discussion of material U.S. federal income tax considerations;
- the antidilution provisions of such debt warrants, if any;
- the redemption or call provisions, if any, applicable to such debt warrants;
- any provisions for changes to or adjustments in the exercise price for the debt warrants; and

- any additional terms of such debt warrants, including terms, procedures, and limitations relating to the exchange and exercise of such debt warrants.

Stock Warrants

The prospectus supplement relating to any particular issue of warrants for preferred stock, depositary shares or common stock will describe the terms of such warrants, including the following:

- the title of such warrants;
- the offering price for such warrants, if any;
- the aggregate number of such warrants;
- the designation and terms of the preferred stock, depositary shares or common stock purchasable upon exercise of such warrants;
- if applicable, the designation and terms of the offered securities with which such warrants are issued and the number of such warrants issued with each such offered security;
- if applicable, the date from and after which such warrants and any offered securities issued therewith will be separately transferable;
- the number of shares of preferred or common stock, or the number of depositary shares, purchasable upon exercise of a warrant, and the price at which such shares may be purchased upon exercise;
- the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;
- if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- if applicable, a discussion of material U.S. federal income tax considerations;
- the antidilution provisions of such warrants, if any;
- the redemption or call provisions, if any, applicable to such warrants;
- any provisions for changes to or adjustments in the exercise price for the stock warrants; and
- any additional terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

PLAN OF DISTRIBUTION

We and any selling security holder may offer and sell the securities covered by this prospectus from time to time, in one or more transactions, at market prices prevailing at the time of sale, at prices related to market prices, at a fixed price or prices subject to change, at varying prices determined at the time of sale or at negotiated prices, by a variety of methods, including the following:

- through agents;
- to or through underwriters;
- through brokers or dealers;
- directly by us or any selling security holders to purchasers, including through a specific bidding, auction or other process; or
- through a combination of any of these foregoing methods of sale.

Registration of the securities covered by this prospectus does not mean that those securities necessarily will be offered or sold.

In effecting sales, brokers or dealers engaged by us may arrange for other brokers or dealers to participate. Broker-dealer transactions may include:

- purchases of the securities by a broker-dealer as principal and resales of the securities by the broker-dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions; or
- transactions in which the broker-dealer solicits purchasers.

In addition, we and any selling security holder may sell any securities covered by this prospectus in private transactions or under Rule 144 of the Securities Act rather than pursuant to this prospectus.

In connection with the sale of securities covered by this prospectus, broker-dealers may receive commissions or other compensation from us in the form of commissions, discounts or concessions. Broker-dealers may also receive compensation from purchasers of the securities for whom they act as agents or to whom they sell as principals or both. Compensation as to a particular broker-dealer may be in excess of customary commissions or in amounts to be negotiated. In connection with any underwritten offering, underwriters may receive compensation in the form of discounts, concessions or commissions from us or from purchasers of the securities for whom they act as agents. Underwriters may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Any underwriters, broker-dealers, agents or other persons acting on our behalf that participate in the distribution of the securities may be deemed to be “underwriters” within the meaning of the Securities Act, and any profit on the sale of the securities by them and any discounts, commissions or concessions received by any of those underwriters, broker-dealers, agents or other persons may be deemed to be underwriting discounts and commissions under the Securities Act.

In connection with the distribution of the securities covered by this prospectus or otherwise, we or any selling security holder may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of our securities in the course of hedging the positions they assume with us or any selling security holder. We or any selling security holder may also sell securities short and deliver the securities offered by this prospectus to close out short positions. We or any selling security holder may also enter into option or other transactions with broker-dealers or other financial institutions, which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus, as supplemented or amended to reflect such transaction. We or any selling security holder may also from time to time pledge our securities pursuant to the margin provisions of customer agreements with brokers. Upon a default, the broker may offer and sell such pledged securities from time to time pursuant to this prospectus, as supplemented or amended to reflect such transaction.

At any time a particular offer of the securities covered by this prospectus is made, a prospectus supplement, or, if required, a revised prospectus, will be distributed which will set forth the aggregate amount of securities covered by this prospectus being offered and the terms of the offering, including the name or names of any underwriters, dealers, brokers or agents, any discounts, commissions, concessions and other items constituting compensation from us and any discounts, commissions or concessions allowed or reallowed or paid to dealers. Such prospectus supplement, and, if necessary, a post-effective amendment to the registration statement of which this prospectus is a part, will be filed with the SEC to reflect the disclosure of additional information with respect to the distribution of the securities covered by this prospectus. In order to comply with the securities laws of certain states, if applicable, the securities sold under this prospectus may only be sold through registered or licensed broker-dealers. In addition, in some states the securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from registration or qualification requirements is available and is complied with.

We may solicit offers to purchase directly. Offers to purchase securities also may be solicited by agents designated by us from time to time. Any such agent involved in the offer or sale of the securities in respect of which this prospectus is delivered will be named, and any commissions payable by us to such agent will be set forth, in the applicable prospectus supplement. Unless otherwise indicated in such prospectus supplement, any such agent will be acting on a reasonable best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the securities so offered and sold.

American Water may offer its equity securities into an existing trading market on the terms described in the applicable prospectus supplement. Underwriters, dealers and agents who may participate in any at-the-market offerings will be described in the prospectus supplement relating thereto.

Securities may also be offered and sold, if so indicated in the applicable prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms acting as principals for their own accounts or as agents, which are referred to as "remarketing firms." Any remarketing firm will be identified and the terms of its agreement, if any, with us and its compensation will be described in the applicable prospectus supplement. Remarketing firms may be deemed to be underwriters, as that term is defined in the Securities Act, in connection with the securities remarketed thereby.

If so indicated in the applicable prospectus supplement, we may authorize agents, dealers or underwriters to solicit offers by certain institutions to purchase securities from us at the public offering price set forth in the applicable prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in the applicable prospectus supplement. Such delayed delivery contracts will be subject to only those conditions set forth in the applicable prospectus supplement. A commission indicated in the applicable prospectus supplement will be paid to underwriters and agents soliciting purchases of securities pursuant to delayed delivery contracts accepted by us.

In connection with an underwritten offering, we and any selling security holder would execute an underwriting agreement with an underwriter or underwriters. Unless otherwise indicated in the revised prospectus or applicable prospectus supplement, such underwriting agreement would provide that the obligations of the underwriter or underwriters are subject to certain conditions precedent, and that the underwriter or underwriters with respect to a sale of the covered securities will be obligated to purchase all of the covered securities, if any such securities are purchased. We or any selling security holder may grant to the underwriter or underwriters an option to purchase additional securities at the public offering price, less any underwriting discount, as may be set forth in the revised prospectus or applicable prospectus supplement. If we or any selling security holder grants any such option, the terms of that option will be set forth in the revised prospectus or applicable prospectus supplement.

Underwriters, agents, brokers or dealers may be entitled, pursuant to relevant agreements entered into with us, to indemnification by us or any selling security holder against certain civil liabilities, including liabilities under the Securities Act that may arise from any untrue statement or alleged untrue statement of a material fact, or any omission or alleged omission to state a material fact in this prospectus, any supplement or amendment hereto, or in the registration statement of which this prospectus forms a part, or to contribution with respect to payments which the underwriters, agents, brokers or dealers may be required to make.

LEGAL MATTERS

The validity of the securities offered in this prospectus and any related prospectus supplement and certain legal matters will be passed upon for us by Morgan, Lewis & Bockius LLP, New York, New York, and/or counsel named in the applicable prospectus supplement. If the securities are being distributed in an underwritten offering, certain legal matters will be passed upon for the underwriters by counsel identified in the related prospectus supplement.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2023, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

American Water files annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public via the Internet at the SEC's website at *http://www.sec.gov* and our website at *https://amwater.com*. American Water's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and any amendments to such reports, that are filed with or furnished to the SEC, are also made available on American Water's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after such reports are filed with or furnished to the SEC. The information contained on or accessible from our website does not constitute a part of this prospectus and is not incorporated by reference herein.

American Water is "incorporating by reference" into this prospectus specific documents that it files with the SEC, which means that important information can be disclosed to you by referring you to those documents that are considered part of this prospectus. Information that American Water files subsequently with the SEC will automatically update and supersede this information. American Water incorporates by reference the documents listed below, and any future documents that it files with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, until the termination of the offerings of all of the securities covered by this prospectus. This prospectus is part of a registration statement filed with the SEC.

American Water is incorporating by reference into this prospectus the following documents filed with the SEC (excluding any portions of such documents that have been "furnished" but not "filed" for purposes of the Exchange Act):

Filings	Period Covered or Date Filed
Annual Report on Form 10-K	Year ended December 31, 2023, as filed with the SEC on February 14, 2024
Current Reports on Form 8-K (other than the portions not deemed to be filed)	Filed on January 16, 2024, January 19, 2024, January 25, 2024, February 5, 2024, and February 15, 2024
Amendment No. 1 to Registration Statement on Form 8-A/A for a description of American Water's common stock, par value $0.01 per share	Filed on May 1, 2018, including any amendments or reports filed to update such description (including Exhibit 4.24 to American Water's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 14, 2024)

American Water will provide to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request and without charge, a copy of the documents referred to above that have been incorporated in this prospectus by reference. You can request copies of such documents if you call or write to American Water at the following address or telephone number: American Water Works Company, Inc., 1 Water Street, Camden, New Jersey 08102-1658, Attention: Secretary, (856) 955-4001, or such other address and telephone number as may be provided in a prospectus supplement.

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This prospectus, any accompanying prospectus supplement or information incorporated by reference herein or therein, contains summaries of certain agreements that we have filed as exhibits to various SEC filings, as well as certain agreements that we will enter into in connection with the offering of securities covered by any particular accompanying prospectus supplement. The descriptions of these agreements contained in this prospectus, any accompanying prospectus supplement or information incorporated by reference herein or therein do not purport to be complete and are subject to, and qualified in their entirety by reference to, the definitive agreements. Copies of the definitive agreements will be made available without charge to you by making a written or oral request to us.

We have not authorized anyone to provide you with information other than that contained or incorporated by reference in this prospectus or any accompanying prospectus supplement or in any related free writing prospectus filed by us with the SEC. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in any accompanying prospectus supplement, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this prospectus.

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AMERICAN WATER

American Water Capital Corp.

$700,000,000 5.200% Senior Notes due 2036

Prospectus Supplement dated March 30, 2026

Joint Book-Running Managers

Wells Fargo Securities
PNC Capital Markets LLC
RBC Capital Markets
US Bancorp
BofA Securities
J.P. Morgan
Mizuho
TD Securities
Truist Securities

Senior Co-Managers

Huntington Capital Markets
Regions Securities LLC
Scotiabank

Co-Managers

BNY Capital Markets
Siebert Williams Shank

Junior Co-Managers

Academy Securities
Independence Point Securities
Roberts & Ryan
Ramirez & Co., Inc.

Calculation of Filing Fee Tables

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American Water Capital Corp.

Table 1: Newly Registered and Carry Forward Securities ☐Not Applicable

		Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial Effective Date	Filing Fee Previously Paid in Connection with Unsold Securities to be Carried Forward
Newly Registered Securities													
Fees to be Paid	1	Debt	American Water Capital Corp. 5.200% Senior Notes due 2036	457(r)	700,000,000		$ 699,461,000.00	0.0001381	$ 96,595.56				
Fees to be Paid	2	Other	American Water Works Company, Inc. Support Agreement	Other				0.0001381	$ 0.00				
Fees Previously Paid													
Carry Forward Securities													
Carry Forward Securities													
					Total Offering Amounts:		$ 699,461,000.00		$ 96,595.56				
					Total Fees Previously Paid:				$ 0.00				
					Total Fee Offsets:				$ 0.00				
					Net Fee Due:				$ 96,595.56				

Offering Note

[1] These "Calculation of Filing Fee Tables" shall be deemed to update the "Calculation of Filing Fee Tables" exhibit (Exhibit 107.1) in Registration Statement Nos. 333 277166-01 and 333 277166, which was filed with the Securities and Exchange Commission on February 20, 2024.

[2] The American Water Works Company, Inc. Support Agreement is being offered as a component of the American Water Capital Corp. Senior Notes for no additional consideration; therefore, no additional fee is payable pursuant to Rule 457(n) under the Securities Act of 1933, as amended.

Table 2: Fee Offset Claims and Sources ☑Not Applicable

		Registrant or Filer Name	Form or Filing Type	File Number	Initial Filing Date	Filing Date	Fee Offset Claimed	Security Type Associated with Fee Offset Claimed	Security Title Associated with Fee Offset Claimed	Unsold Securities Associated with Fee Offset Claimed	Unsold Aggregate Offering Amount Associated with Fee Offset Claimed	Fee Paid with Fee Offset Source
Rules 457(b) and 0-11(a)(2)												
Fee Offset Claims												
Fee Offset Sources												
Rule 457(p)												
Fee Offset Claims												
Fee Offset Sources												

Table 3: Combined Prospectuses

☑ Not Applicable

	Security Type	Security Class Title	Amount of Securities Previously Registered	Maximum Aggregate Offering Price of Securities Previously Registered	Form Type	File Number	Initial Effective Date

Narrative Disclosure

The maximum aggregate offering price of the securities to which the prospectus relates is $699,461,000.00. The prospectus is a final prospectus for the related offering.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 28

Description of Filing Requirement:

(1) Annual Reports to Stockholders covering the most recent two (2) years from the application filing date. (2) A copy of Form 10-K as filed with the Securities and Exchange Commission for the most recent two (2) years, any Form 8-K issued during the past two (2) years, and any Form 10-Q issued during the past six (6) quarters. (3) The quarterly reports to stockholders for the most recent five (5) quarters.

Response:

Please see attached.

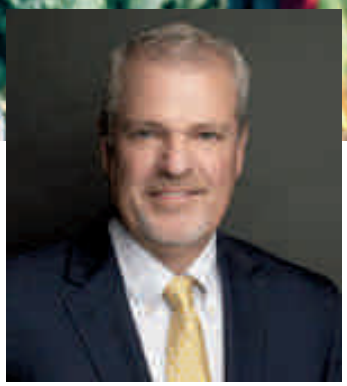
For electronic version, see

KAW_APP_EX28_051526.pdf

AMERICAN WATER

WE KEEP LIFE FLOWING®

2024 Annual Report



TO OUR SHAREHOLDERS,

It is my pleasure, for the seventh year in a row as Board Chair of the American Water Board of Directors, to report that American Water again delivered on its strategic plan with a disciplined approach to operations, capital deployment and regulatory execution. American Water's 2024 financial performance demonstrates that the company is growing strategically and is well-positioned for the future.

For the year ended December 31, 2024, earnings per share (EPS) growth and dividend growth exceeded 8 percent, which aligns with the long-term compounded annual growth target of 7-9 percent for both.

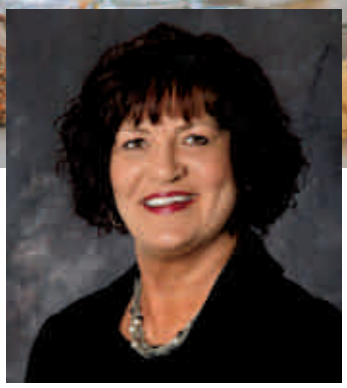
With these results and expectations for consistent future earnings growth, the Board again increased the dividends paid in 2024, the 16th consecutive year of increases. Annual dividends paid have grown at a compounded annual rate of 8.9 percent over the last five years.

These positive results are an outcome of the commitment and adherence to company values and sound execution of the business strategy by the company's dedicated employees. The American Water Board of Directors would like to thank you, our shareholders, for your continued trust and support. Please plan to join the virtual Annual Meeting of Shareholders at 10:00 a.m., Eastern Time, on Wednesday, May 14, 2025.

Sincerely,

KARL F. KURZ
Board Chair

COMPOUNDED ANNUAL GROWTH RATE OF ANNUAL DIVIDENDS PAID OVER THE LAST FIVE YEARS



DEAR FELLOW SHAREHOLDERS,

American Water is pleased to announce another year of achieving planned results, with notable growth for both earnings and dividends, all while maintaining a very strong balance sheet. This success is due to the unwavering commitment and hard work of our dedicated employees, whose efforts have been instrumental in driving our strategic goals forward.

This report outlines how we adhere to our strategy and values and effectively implement our plans. Our key stakeholders are integral to how and why we execute on our mission. The work we do every day is guided by goals we have set for ourselves to align with our key stakeholder groups — our customers, our colleagues, our shareholders and the regulators and policymakers who enable us to operate.

The company successfully executed its comprehensive plan, achieving top-tier industry growth for both earnings and dividends in 2024. We invested $3.3 billion in regulated operations, which prominently focused on infrastructure renewal. Additionally, through acquisitions and organic growth, we expanded our customer base by nearly 90,000 and achieved the company's acquisition customer growth target of 2 percent.

We continue to be the leader in all aspects of the water and wastewater utility industry inspired by our corporate mission—delivering safe, clean, reliable and affordable water and wastewater services to 14 million people, and growing, in this country.

We have achieved a five-year total shareholder return (TSR) of 11 percent and a ten-year TSR of 183 percent. Though certain macro-economic issues have impacted our near term relative TSR performance, we are certain that our industry-leading results in 2024, together with our earnings growth and dividend growth expectations, continue to offer exceptional value for our shareholders.

Building on 2024's success, we expect to thrive in 2025 and beyond as a solutions provider for our customers and the communities we serve. Our proven record as a trusted regulated water utility will continue. We offer low-risk, predictable growth. We plan to invest $40-$42 billion in capital over the next decade, balanced by O&M cost control, regulatory and legislative support, as well as application of new technologies. While the majority of our capital plan is dedicated to basic replacement of aging pipes, we are also focused on fortifying our water and wastewater systems through resilience spending and investments in water quality projects to meet increasing standards of compliance.

The execution of our strategy contributes to our performance and aligns with our core values. Already this year, the company was recognized by Forbes as one of America's Most Trusted Companies; acknowledged by Newsweek as one of America's Most Responsible Companies; named one of America's Most JUST companies by JUST Capital; and recognized by CNBC for our commitment to employees, customers, communities and shareholders.

And as we continue to look to the future, as we announced in February, I am retiring on May 14, 2025. John Griffith, currently serving as our president, will lead American Water as its new president and CEO. Under John's stewardship, American Water is poised to maintain its exemplary record of industry leadership and high performance. This seamless transition underscores the company's dedication to executive succession planning, helping ensure that American Water benefits from a capable and experienced leadership team for years to come.

As I step into retirement, I want to thank our board of directors, our talented leadership team and our dedicated employees for their unwavering commitment to excellence at American Water. You are simply the best. And I want to thank you, our investors, for your strong support of our company. It has been an honor to lead such a dedicated, high-performing team for the last six years and I look forward to seeing the company's future achievements under John's leadership.

I look forward to the bright future of this great company and hope you do too.

Sincerely,

M. SUSAN HARDWICK
Chief Executive Officer

COMPANY INFORMATION

AUDIT FIRM AND TRANSFER AGENT

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
Two Commerce Square
2001 Market Street, Suite 1800
Philadelphia, PA 19103-7042

Stock Transfer Agent
Equiniti Trust Company, LLC
55 Challenger Road, Second Floor
Ridgefield Park, NJ 07660
Phone: 800-937-5449 (toll-free)
718-921-8124 (outside U.S. & Canada)

BOARD OF DIRECTORS

M. Susan Hardwick*
Chief Executive Officer,
American Water Works Company, Inc.

Karl F. Kurz
Non-Executive Board Chair
Former Chief Operating Officer,
Anadarko Petroleum Corporation

Jeffrey N. Edwards
Director
Vice Chairman, New Vernon Capital

Martha Clark Goss*
Director
Former Chief Operating Officer
and Chief Financial Officer, Amwell Holdings/
Hopewell Holdings, LLC

Laurie P. Havanec
Director
Former Executive Vice President and Chief People Officer, CVS Health Corporation

Julia L. Johnson
Director
President, Net Communications, LLC

Patricia L. Kampling
Director
Former Chairman and Chief Executive Officer,
Alliant Energy Corporation

Michael L. Marberry
Director
Former President and Chief Executive Officer,
J.M. Huber Corporation

Stuart M. McGuigan
Director
Former Global Chief Information Officer,
Fresenius Medical Care AG

*Not standing for re-election in 2025.

INQUIRIES

Shareholders with questions, or those who wish to obtain a copy of the company's reports filed with the Securities and Exchange Commission without charge, should visit American Water's Investor Relations page at https://ir.amwater.com

SHAREHOLDER INFORMATION

	12/31/19	12/31/20	12/31/21	12/30/22	12/29/23	12/31/24	TSR 5 year
American Water Works Company, Inc.	$ 100.00	$ 126.88	$ 158.36	$ 130.03	$ 114.85	$ 110.80	**10.8%**
PHLX Utility Sector Index	$ 100.00	$ 102.72	$ 121.46	$ 122.25	$ 111.05	$ 134.24	**34.2%**
S&P 500 Index	$ 100.00	$ 118.40	$ 152.39	$ 124.79	$ 157.29	$ 197.02	**97.0%**

Investor Relations
1 Water Street
Camden, NJ 08102-1658
Investor Relations Line: 856-566-4005
Email: ir@amwater.com

Corporate Headquarters
1 Water Street
Camden, NJ 08102-1658
Phone: 856-955-4001
https://amwater.com

Stock Market
Common stock of American Water Works Company, Inc. is traded on the New York Stock Exchange (NYSE) under the symbol AWK.

Annual Meeting
The 2025 annual meeting of shareholders is scheduled for 10:00 a.m. ET on Wednesday, May 14, 2025, to be held virtually (and not at a physical location). All holders of our outstanding common stock at the close of business on March 17, 2025, are entitled to notice of, and to vote at, the meeting. Notice of the meeting and proxy materials will be distributed to shareholders and accessible to the public on our Investor Relations page at https://ir.amwater.com. Management encourages all investors to have their votes counted at the annual meeting.

Executive Certifications
American Water has included as exhibits to its 2024 Annual Report on Form 10-K filed with the Securities and Exchange Commission certifications of the chief executive officer and chief financial officer of the company regarding the company's public disclosures contained therein. The company also provides annually to the NYSE a certificate of the CEO certifying that, among other things, it is not aware of any violation by the company of NYSE corporate listing standards.

Dividends
Dividends paid on the company's common stock in 2024 were:

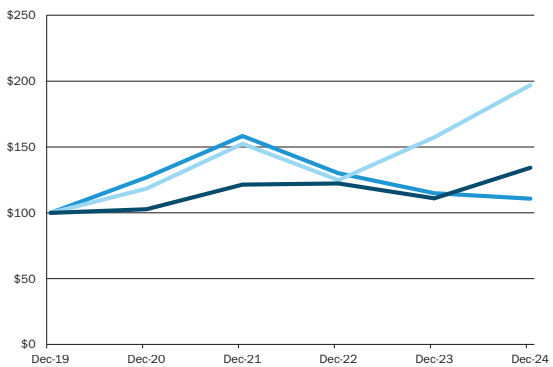
March 1, 2024	$0.7075
June 3, 2024	$0.7650
September 4, 2024	$0.7650
December 3, 2024	$0.7650

Stock Performance Graph
The graph below compares the cumulative total return on American Water's common stock with the cumulative total return of the Standard & Poor's 500 Index and the PHLX Utility Sector Index from December 31, 2019, through December 31, 2024. The comparison assumes $100 was invested on December 31, 2019, and that dividends were reinvested.

The Company has successfully executed on its financial and operating plans the last several years, including meeting or exceeding its EPS guidance and its dividend growth target. The Company believes that its relative TSR performance in 2024 and for the five years ended in 2024 was diminished due to the combination of rising interest rates and the shifting of investments from water utilities to other investment options that have data center-driven growth expectations, including electric and gas utilities.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*

Among American Water Works Company, Inc., the S&P 500 Index, and the PHLX Utility Sector Index



*$100 invested in each security on 12/31/2019, assumes reinvestment of dividends. Fiscal year ending December 31.

Source of data: FactSet.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to_____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$22,045,400,000 as of June 28, 2024 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 28, 2024, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 28, 2024, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—194,947,313 shares as of February 10, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2025 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2024 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;

- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;

- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;

- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.5 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,296 million for 2024, $3,920 million for 2023 and $3,505 million for 2022, accounting for 92%, 93% and 92%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2024:

	Operating Revenues (in millions)				Number of Customers (in thousands)			
	Water (a)	Wastewater	Total	% of Total	Water	Wastewater	Total	% of Total
New Jersey	$ 990	$ 61	$1,051	24.5%	672	70	742	20.9%
Pennsylvania	872	167	1,039	24.2%	688	115	803	22.6%
Missouri	487	21	508	11.8%	485	24	509	14.4%
Illinois	359	73	432	10.1%	300	77	377	10.6%
California	342	4	346	8.1%	191	3	194	5.5%
Total—Top Five States (b)	3,050	326	3,376	78.6%	2,336	289	2,625	74.0%
Other (c)	883	37	920	21.4%	881	40	921	26.0%
Total Regulated Businesses	$3,933	$ 363	$4,296	100.0%	3,217	329	3,546	100.0%

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.
(b) The Company's "Top Five States" are determined based upon operating revenues.
(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
(In millions)	**Revenue**	**Percentage of Revenue**	**Revenue**	**Percentage of Revenue**	**Revenue**	**Percentage of Revenue**
Water services:						
Residential	$2,349	55%	$2,143	55%	$1,941	55%
Commercial	885	21%	798	20%	710	20%
Fire service	164	4%	158	4%	147	4%
Industrial	184	4%	167	4%	153	4%
Public and other water (a)	301	7%	284	7%	267	8%
Wastewater	363	8%	327	8%	242	7%
Other (b)	50	1%	43	2%	45	2%
Total	$4,296	100%	$3,920	100%	$3,505	100%

(a) Includes water revenues from public authorities and other utilities, community water systems under bulk contracts and alternative revenue programs.

(b) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2024, 2023 and 2022, which represents approximately 13 million people served as of December 31, 2024:

	2024		2023		2022	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,920	307	2,893	279	2,870	270
Commercial	222	21	221	18	219	17
Fire service	53	—	52	—	51	—
Industrial	4	—	4	—	4	—
Public and other (a)	18	1	18	1	17	1
Total	3,217	329	3,188	298	3,161	288

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2024:

	Surface Water	Ground Water	Purchased Water
New Jersey	74%	22%	4%
Pennsylvania	91%	7%	2%
Missouri	83%	16%	1%
Illinois	53%	35%	12%
California	—%	64%	36%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state recently experienced a multi-year drought, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $40 billion and $42 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from a 250-year replacement cycle in 2009 to an approximate 125-year replacement cycle by 2029, which it anticipates will enable the Company to replace nearly 2,000 miles of mains and collection pipes between 2025 and 2029. In addition, from 2025 to 2029, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, KY, MO, NJ, PA, TN, VA, WV
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, MO, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, KY, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA

Regulatory Practices	Description	States Allowed
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MD, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2024, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2024, that there are over 50,000 community water systems and, as of 2022, over 17,000 community wastewater systems in the United States, with approximately 80% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the

regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low to moderate income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Efforts to advance these legislative priorities will continue in 2025.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Eleven of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer

months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See—Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, reliable and affordable. Through increased efficiency, conservation and affordability support programs and tariffs, on average across the enterprise, the Company achieves water costs that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential Utilities, Inc., American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. The Contract Services Group ("CSG"), also included in Other, has three contracts with municipal customers to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $388 million for 2024, $314 million for 2023 and $287 million for 2022, accounting for 8%, 7% and 8%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions

applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 38 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses, MSG and CSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that drinking water standards have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $1.4 billion over the next five years, and $275 million in 2025, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national quality standards for drinking water. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2025.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule ("LCR") to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines

under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company will evaluate its service territories and apply for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service lines ("LSLs") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act regulates discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set maximum discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that exceed the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system

optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the Centers for Disease Control and Prevention, other state environmental agencies, and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemicals Abstract Service Registry contains over 219 million registered chemicals, with an estimated 1,400 species of disease-causing microbes that can affect humans. The Company is continually investigating new substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- monitoring impacts of environmental pathogen loads and removal through wastewater systems;
- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;
- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;
- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;

- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company and Security

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to the MSG and CSG businesses as requested or may otherwise be necessary. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, security, risk management and insurance, treasury, and water quality. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

The Company's security team, through Service Company, provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. The security team is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies, as well as for the Company's executive management and other employees. Risk assessments are conducted periodically to evaluate the effectiveness of existing security controls and serve as the basis for additional safeguards, security controls and measures. For additional information concerning this team and the Company's cybersecurity program, see Item 1C—Cybersecurity.

Sustainability

The Company considers environmental, social responsibility and governance principles fundamental to its corporate sustainability strategy and values. Integration of these principles into the Company's daily operations emphasizes its belief that "how" a company operates is just as important as "what" a company does. Delivering safe, clean, reliable and affordable water services to customers and treating wastewater has been fundamental to the Company's business for decades. The Company has an opportunity to make a positive, sustainable impact in thousands of communities by serving them with skilled employees and maintaining the governance and diligence to meet or exceed service expectations.

Demonstrated Leadership

The Company's values and actions have achieved recognitions for demonstrating its leadership in several areas related to trust, responsibility, sustainability and support of its communities, customers and employees. Among others, these include the following:

- recognized as one of the *Forbes* 2025 Most Trusted Companies in America, in addition to being ranked first in the utilities industry category on *Forbes* America's Best Large Employers List for 2024;
- recognized on *Newsweek*'s America's Most Responsible Companies 2025 List;
- ranked on *Barron*'s 100 Most Sustainable U.S. Companies 2024 List; and
- named one of America's Most JUST companies by JUST Capital and CNBC for its continued commitment to employees, customers, communities and shareholders.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting. The Company's management function around sustainability involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight and responsibility with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and responsibility with respect to, among other things: corporate governance; Board and committee membership, leadership and composition; director independence, nominations and succession; and director education.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 126,000 hours of safety training, including physical security and cybersecurity, in 2024. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a task is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In 2024, a third-party vehicle entered a secure work zone striking four Company employees, due to no fault of its employees, which resulted in several serious injuries and one employee fatality. Additionally, in January 2025, a Company employee was fatally injured when struck by a train. For 2024, the Company had an OSHA Recordable Incident Rate ("ORIR") of 0.40 (25 recordable injuries, and does not include the fatality or injuries, which were determined to be not preventable), which reflects a 54% decrease in recordable injuries compared to 2023, when the ORIR was 0.86 (54 injuries). Also, the number of Days Away Restricted or Transferred ("DART") injuries decreased by 73% compared to 2023, primarily due to a decrease in strain, sprain and tear injuries, as well as a reduction in slip, trip and fall injuries. For 2024, the Company had a DART rate of 0.14 (9 injuries), compared to 0.52 (33 injuries) in 2023.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean and reliable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2024, the Company filled approximately 1,000 positions, 67% of which with external candidates and 33% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities. By committing to achieve 25 hours of learning annually, employees develop skills for their ongoing professional growth. Approximately 84% of active employees hired before October 1, 2024, have completed at least 25 hours of learning, resulting in approximately 262,000 hours of total learning completed during the year.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. During 2024, the Company enhanced its succession planning process by increasing the number of business impact roles covered by a succession plan. These succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2024, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, long-term performance plan compensation for certain leadership positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave benefit and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees, rather than unrelated factors such as gender, race or ethnicity.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 89% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage. The Company's medical benefits include, among others, coverage for applied behavior analysis, autism treatment, transgender service, hearing aids and fertility assistance.

Trust, Dignity and Respect

In 2024, the Company launched the Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model those behaviors that are consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company has established its weCARE employee value proposition that focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements—deeper connections, personal growth, shared purpose, flexibility, and well-being. weCARE represents the Company's commitment to valuing its employees and

building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools. In 2024, the Company administered two pulse surveys, seeking feedback on employee experience, which had an overall participation rate of 68%.

Workforce Data

As of December 31, 2024, the Company had approximately 6,700 employees. For 2024, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2024, was 10.5%, down from 11.5% in 2023. American Water seeks to reduce regrettable employee turnover by assessing the effectiveness of weCARE and through its efforts to foster the Company's employee experience.

As of December 31, 2024, approximately 46% of the Company's workforce was represented under 75 collective bargaining agreements with 14 different unions. In 2024, the Company renegotiated 26 collective bargaining agreements that were set to expire during the year. During 2025, 25 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees. The Company continues to work with several local labor unions and the Federal Mediation and Conciliation Service to host discussions among management and union leaders with the goal of supporting and enhancing constructive relationships with these unions.

Board Oversight

The ED&CC of the Board of Directors establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities. Further, the ED&CC's charter requires that the ED&CC have responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 19, 2025:

Name	Age	Office and Experience
M. Susan Hardwick	62	**Chief Executive Officer.** Ms. Hardwick served as President and Chief Executive Officer of the Company from February 2, 2022, to August 1, 2024, and has served as Chief Executive Officer of the Company since August 1, 2024. She joined the Company in June 2019 as the Company's Executive Vice President—Finance and served as the Company's Chief Financial Officer from July 2019 until May 16, 2022. From December 7, 2021 until January 31, 2022, Ms. Hardwick also served as Interim Chief Executive Officer. Prior to joining the Company, Ms. Hardwick served as the Executive Vice President and Chief Financial Officer of Vectren Corporation ("Vectren"), which was sold to CenterPoint Energy, Inc., an electric and natural gas utility ("CenterPoint"), on February 1, 2019. Ms. Hardwick joined Vectren in January 2000 and served in a variety of positions, including: Vice President, Controller and Assistant Treasurer; Senior Vice President, Finance; Senior Vice President, Chief Financial Officer; and Executive Vice President and Chief Financial Officer. Prior to joining Vectren, Ms. Hardwick was Assistant Corporate Comptroller at Cinergy Corp. She began her career with Arthur Andersen & Co. Ms. Hardwick is a Certified Public Accountant. Since September 2020, Ms. Hardwick has served on the Board of Directors of New Jersey Resources Corporation, a diversified energy services company, where she is currently serving a three-year term expiring in 2027, and since January 1, 2021, she has served as a member of its Audit Committee.
John C. Griffith	58	**President.** Mr. Griffith has served as the Company's President since August 1, 2024, with responsibility for the day-to-day operations of the Company. He joined the Company on May 16, 2022, as its Executive Vice President and Chief Financial Officer. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities' Global Regulated Utilities and Renewable Energy practice. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as the Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	46	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 1, 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 31, 2022 to August 1, 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.

Name	Age	Office and Experience
Maureen Duffy	55	**Executive Vice President, Communications and External Affairs**. Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 29, 2024 and has had over 25 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 until October 29, 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Melanie M. Kennedy	51	**Executive Vice President, Chief Human Resources Officer.** Ms. Kennedy has served as the Company's Executive Vice President, Chief Human Resources Officer since December 2021, and as Senior Vice President, Chief Human Resources Officer from December 2020 to December 2021. Prior to that, she served as the Company's Senior Vice President, Human Resources from March 2017 to December 2020. From August 2014 through February 2017, Ms. Kennedy served as the Company's Vice President, Human Resources, and from August 2012 to August 2014, she served as Director, Human Resources in the Company's Northeast Division. Ms. Kennedy initially joined the Company in 2007, and before that time, she practiced law for nine years.
Stacy A. Mitchell	49	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 5, 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years. Ms. Mitchell serves as a member of the American Water Works Association's Water Utility Council, and as its Treasurer.
Cheryl Norton	60	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 36 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q or its Current Reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;
- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement, have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently implemented LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our ability to dispose of material used to treat impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect

the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the "1995 Order," the "2009 Order" and, as amended in July 2016, the "2016 Order" and, collectively, the "Orders") that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, severe electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial

condition, results of operations and cash flows. Seasonal and other drought conditions, such as those experienced during 2024 in New Jersey, for example, that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions (including those mandated in New Jersey in 2024), rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased volatility in weather and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving increasing attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;
- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict its potential impact on our business, financial condition, results of operations, cash flows and liquidity. Furthermore, both Federal and state laws and regulations have been enacted or proposed that seek to reduce or limit greenhouse gas emissions and require or would require additional reporting, monitoring and disclosure, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;

- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assess liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contractor affirmative action audits;
- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damage could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our financial condition and results of operations. Tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2024, we invested $2.8 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, perfluorinated and polyfluorinated compounds, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants

entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a "Do Not Use" protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without

limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management’s time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;

- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and
- difficulties in integrating or assimilating acquired systems' operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, on December 15, 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets—Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets

of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. By way of example, on October 3, 2024, we identified unauthorized activity within our information technology computer networks and systems, which we determined to be the result of a cybersecurity incident. See Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident, for more information regarding this incident. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the recent cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. The Company has completed its investigation into the scope, nature and impact of the cybersecurity incident and determined the incident did not have a material effect on the Company or its financial condition or results of operations; however, the Company remains subject to various risks as a result of this incident, including those related to litigation, governmental and regulatory scrutiny, including from putative class action lawsuits that have been filed in connection with the recent incident. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits.

Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could

also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. We have incurred, and may continue to incur, certain expenses related to the October 2024 cybersecurity incident, and we maintain a cybersecurity insurance policy as part of our overall insurance program. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See Item 1A—Risk Factors Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments, including, for example, the California Privacy Rights Act, together with its amendments and implementing regulations, the Virginia Consumer Data Protection Act and the Cyber Incident Reporting for Critical Infrastructure Act of 2022. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation, including, for example, from putative class action lawsuits filed in connection with our recent cybersecurity incident, or other claims against us, fines and penalties, or adverse perception or publicity about us and our businesses. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits. These events could also require us to change our business practices, and the events or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have

varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker's compensation, employer's liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses. Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can secure all necessary or appropriate insurance in the future, or that such insurance can be economically secured. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs or deductibles.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon

completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2024, approximately 46% of our workforce was represented by unions, and we had 75 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 25 of which are scheduled to expire during 2025, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2024, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $14.0 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;
- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2024, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2025, 2026 and 2027 will be $637 million, $1,478 million and $686 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our

business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2024, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2024, there were no outstanding borrowings under the revolving credit facility, $880 million of commercial paper outstanding and $82 million in outstanding letters of credit. There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry’s financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no

assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

The conditional exchange feature of the Exchangeable Senior Notes due 2026, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of its 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Notes. In the event the conditional exchange feature of the Notes is triggered and one or more holders elect to exchange their Notes, AWCC would be required to settle any exchanged principal through the payment of cash, which could adversely affect our liquidity. In addition, in that case, even if holders do not elect to exchange their Notes, we would be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Notes may encourage short selling by market participants because the exchange of the Notes could be used to satisfy short positions, and any anticipated exchange of the Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2024, included $1.1 billion of goodwill and $218 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to

goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2024, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling

approximately $8.1 billion, of which $1.2 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant

disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements and geography. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. All employees are required to complete training on and review the Code of Ethics on an annual basis, and violations of the Code of Ethics could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics and our policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "defense-in-depth" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;

- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. By way of example, as previously disclosed, on October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning the October 3, 2024, cybersecurity incident, and cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We are, and may in the future be, subject to physical and cyber attacks, and —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured; and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify,

escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Protection Professional, Professional Certified Investigator and Physical Security Professional certifications from ASIS International. The CISO serves on the Water Sector Coordinating Council ("WSCC"), an advisory body comprised of representatives from various U.S. water and wastewater organizations, which serves as a policy, strategy and coordination mechanism for the water sector on critical infrastructure security and resilience issues. In that role, the CISO partners with representatives from the Department of Homeland Security and the EPA on U.S. water and wastewater sector initiatives. The CISO is also the former Chair of the WSCC, the National Association of Water Companies' Safety and Security Committee, and the ASIS Utility Security Council. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's security team provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. It is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies. The Company's security team also conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2024, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a standing crisis response

team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space, equipment and furniture from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 190 wastewater treatment plants;
- 54,500 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;

- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 50% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 19, 2025, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more**.**

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to

its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025, and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until late 2025 at the earliest. The amended and restated water purchase agreement for the GWR Project expansion is subject to review and approval of the CPUC, and in November 2021, Cal Am filed an application

with the CPUC that sought review and approval of the amended and restated water purchase agreement. Cal Am also requested rate base treatment of the additional capital investment for certain Cal Am facilities required to maximize the water supply from the expansion to the GWR Project and a related Aquifer Storage and Recovery Project, totaling approximately $81 million. This requested amount was in addition to, and consistent in regulatory treatment with, the prior $50 million of cost recovery for facilities associated with the original water purchase agreement, which was approved by the CPUC in its unanimous 2016 final decision.

On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings in this proceeding were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023, rehearing decision. See Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements for further discussion.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up

to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Subject to the impact or resolution of this litigation, construction of the desalination plant is expected to begin in 2025 and the desalination plant is estimated to be in-service by the end of 2027.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's

coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2026. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On September 19, 2024, the SWRCB administrative hearing officer sent a letter to the court advising that the full draft report of the SWRCB advisory opinion addressing the questions referred by the court would not be received until at least November 1, 2024. On November 22, 2024, the administrative hearing officer sent a second letter to the court advising that the draft report would be considered for approval at a public meeting of the SWRCB to be held in the first quarter of 2025. On December 31, 2024, an initial draft report was circulated by the SWRCB to the parties for review and comment.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional

Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's Board on September 30, 2024.

Challenges Related to Compliance with California's Sustainable Groundwater Management Act

Under California's Sustainable Groundwater Management Act ("SGMA") enacted in 2015, groundwater basins designated by the state as critically overdrafted must be managed by a GSA by 2020 in accordance with an approved groundwater sustainability plan ("GSP") designed to achieve sustainability by 2040. Under the SGMA, GSAs have broad powers to achieve sustainability including, but not limited to, regulating groundwater extraction by imposing fees on groundwater extractions and controlling groundwater extractions by regulating, limiting or suspending extractions from wells. The 400-acre CEMEX site overlies a small portion of the 180/400 Subbasin of the Salinas Valley Groundwater Basin; the 84,000-acre 180/400 Subbasin has been designated by the state as critically overdrafted, mainly due to seawater intrusion into the subbasin.

In late 2016, the Salinas Valley Basin Groundwater Sustainability Agency (the "SVBGSA") was formed as a joint powers authority to become the GSA for the Salinas Valley Groundwater Basin and prepare a GSP. In April 2018, the City filed a notice to become the GSA for the CEMEX site, creating an overlap with the SVBGSA's filing for the 180/400 Subbasin. In 2016, the SVBGSA commenced preparation of a GSP covering the entire 180/400 Subbasin, including the CEMEX site, but in August 2019 the City filed a notice that it intends to prepare its own GSP for the CEMEX site with the intent to severely limit or prohibit groundwater pumping at that site. The State Department of Water Resources ("SDWR") has taken the position that until the overlap is resolved, it will not accept the GSP from either agency, placing the subbasin at risk of being placed in a probationary status and subject to state management. In December 2019, the County of Monterey filed its own notice to become the exclusive GSA at the CEMEX site in order to resolve the overlap, which is permitted under SGMA. SDWR accepted Monterey County's filing in December 2019, and now lists Monterey County as the exclusive GSA for the site.

In December 2019, the City filed a lawsuit in Monterey County Superior Court challenging Monterey County's filing, and SDWR's acceptance of the filing, as the exclusive GSA for the CEMEX site. The City has named Monterey County and its Board of Supervisors, its GSA, and SDWR and its director as defendants, and the SVBGSA and its Board of Directors as real parties. The City seeks to invalidate Monterey County's filing, as well as injunctive relief to preserve the City's status as a GSA for the site. To protect its interest in the matter, Cal Am filed an application to intervene in this lawsuit, which was granted. Monterey County filed cross-claims against the City and SDWR. In September 2020, Cal Am filed a separate but related complaint in Monterey County Superior Court challenging the validity of actions taken by the City and its GSA in adopting a groundwater sustainability plan for the CEMEX site, and the validity of the provisions of such plan. Due to the overlap of issues in the City's lawsuit with those in the validation action, the parties stipulated to a stay of the validation action pending determination of the claims in the City's action, which was approved by the court in December 2020. In February 2021, the City filed a separate but related *in rem* reverse validation complaint challenging the adoption by Monterey County of a GSP for the CEMEX site. On May 3, 2023, the City filed a second reverse validation complaint, challenging the adoption of amendments to the GSP for the 180/400 Subbasin.

After a hearing, in August 2021, the court denied the claims brought by the City and granted Monterey County's cross-claims, finding that the City's GSA notice was untimely, the Monterey County GSA was the exclusive GSA for the CEMEX site, and the SVBGSA's GSP was properly adopted for the entire 180/400 Subbasin, including the CEMEX site. In November 2021, the City appealed this decision, and in December 2021, Monterey County appealed the court's decision as to the finding that the City's action creating a GSA was not void. The related validation and reverse validation actions remain stayed during the pendency of the appeal. On

November 13, 2023, the California Court of Appeal affirmed the trial court's decision. On December 22, 2023, the City filed a petition for review with the California Supreme Court, which was denied on February 24, 2024. On October 31, 2024, the parties entered into an agreement settling the stayed validation complaints and all claims for attorneys' fees and costs. The validation complaints were subsequently dismissed.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary

("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On

May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court. In the third quarter of 2024, the Company timely submitted to the MDL court its Phase One claims forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc. and DuPont de Nemours, Inc.

On November 22, 2024, the MDL court granted final approval to settlements with defendants Tyco Fire Products LP and BASF Corporation. The Company's utility subsidiaries have determined to remain parties to these class action settlements, and the Company has begun the process of perfecting its claims under each settlement within the time periods provided by the MDL court.

Cybersecurity Incident Class Action Lawsuits

Following the Company's previously reported October 3, 2024, cybersecurity incident, nine putative class action lawsuits against parent company have been filed in the U.S. District Court for the District of New Jersey. All of the putative plaintiffs seek to certify a nationwide class and several of the plaintiffs seek to certify a state-specific subclass. The complaints allege primarily negligence, breach of implied contract, and claims of violations of federal and/or state consumer protection and data privacy law and seek damages and injunctive relief. On February 14, 2025, the court granted a motion to consolidate the nine current pending class actions. This consolidated matter remains pending. The Company believes that the causes of action and other claims asserted in the class action complaints are without merit and that the Company has valid, meritorious defenses to such claims, and the Company is defending itself vigorously.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 10, 2025, there were 194,947,313 shares of common stock outstanding held by approximately 1,922 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2024, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2024.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.5 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-K within "Other." See Item 1—Business for additional information.

Selected Financial Data

This selected financial data below should be read in conjunction with the Company's Consolidated Financial Statements and related Notes in this Annual Report on Form 10-K as well as the remainder of this Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations.

	For the Years Ended December 31,				
(In millions, except per share data)	**2024**	**2023**	**2022**	**2021**	**2020**
Statement of Operations data:					
Operating revenues	$ 4,684	$ 4,234	$ 3,792	$ 3,930	$ 3,777
Net income attributable to common shareholders	1,051	944	820	1,263	709
Net income attributable to common shareholders per basic common share	5.39	4.90	4.51	6.96	3.91
Net income attributable to common shareholders per diluted common share	5.39	4.90	4.51	6.95	3.91
Balance Sheet data:					
Total assets	$32,830	$30,298	$27,787	$26,075	$24,766
Long-term debt and redeemable preferred stock at redemption value	12,521	11,718	10,929	10,344	9,333

(In millions, except per share data)	For the Years Ended December 31, 2024	2023	2022	2021	2020
Other data:					
Cash dividends declared per common share	$ 3.06	$ 2.83	$ 2.62	$ 2.41	$ 2.20
Net cash provided by operating activities	2,045	1,874	1,108	1,441	1,426
Net cash used in investing activities	(3,379)	(2,815)	(2,127)	(1,536)	(2,061)
Net cash provided by (used in) financing activities	1,110	1,188	1,000	(345)	1,120
Capital expenditures included in net cash used in investing activities	(2,856)	(2,575)	(2,297)	(1,764)	(1,822)

Financial Results

For the years ended December 31, 2024, 2023 and 2022, diluted earnings per share (GAAP) were $5.39, $4.90 and $4.51, respectively. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for 2024 and 2023 reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.12 per share, and $0.13 per share, respectively. Results for 2024 include incremental interest income of $0.09 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2024, the Company invested $3.3 billion, in the Regulated Businesses, as discussed below:

- $2.8 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $417 million to fund acquisitions in the Regulated Businesses, which added approximately 69,500 customers during 2024. This includes the acquisitions by the Company's Pennsylvania subsidiary of the wastewater collection and treatment system assets from the Butler Area Sewer Authority on October 29, 2024, for a cash purchase price of $230 million, which added approximately 15,000 customer connections, and by the Company's Illinois subsidiary of a wastewater treatment plant and related assets from Granite City on March 11, 2024, for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities.
- Approximately 19,400 new customers were added through organic growth in existing systems.

The Company expects to invest between $17 billion to $18 billion over the next five years, and between $40 billion to $42 billion over the next 10 years, including $3.3 billion in 2025. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $15.5 billion to $16 billion over the next five years, and between $36 billion to $37 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $1.5 billion to $2 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 68%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 6%; system expansion 5%; other 3%.

As of December 31, 2024, the Company had entered into 17 agreements with a total aggregate purchase price of $105 million for pending acquisitions in the Regulated Businesses to add approximately 24,200 additional customers.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

On July 2, 2024, the PaPUC issued the Final Supplemental Implementation Order ("FSIO"), which makes certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The FSIO includes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. The provisions of the FSIO are not retroactive and apply to acquisition applications filed after July 2, 2024. The Company cannot currently predict the impact of the FSIO, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable

and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company is in the process of developing an estimate of capital expenditures and operating costs needed to meet the specific requirements of the LCRI. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

The Company continues to comply with the EPA's existing Lead and Copper Rule requirements by replacing lead service lines in accordance with current scientific guidance and utilizing appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

The Company met the LCRR requirements, effective October 16, 2024, identified as enforceable by the EPA. Remaining LCRR requirements are deferred under the LCRI.

Cybersecurity Incident

On October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and has coordinated fully with them. As part of the incident response, and in order to protect its systems and data, the Company disconnected and deactivated certain of its systems, which have since been reconnected and reactivated upon verification that those systems were secure.

All necessary containment, mitigation and restoration activities related to this incident have been completed. None of the Company's water or wastewater facilities were impacted by this incident, and the incident did not have a material effect on the Company or its financial condition or results of operations. In addition, a number of putative class action lawsuits have been filed in connection with this cybersecurity incident, primarily alleging claims related to federal and/or state consumer protection and data privacy laws, and while the Company believes the claims are without merit and is vigorously defending itself against these claims, it cannot currently predict the outcome or impact of these lawsuits. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits for more information.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.
(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented

retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the WVPSC issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment

are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its

authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	**Effective Date**	**Amount**
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

(In millions)	**Effective Date**	**Amount**
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating revenues	$ 4,684	$ 4,234	$ 3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273

(In millions)	For the Years Ended December 31, 2024	2023	2022
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest Income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Operating revenues	$ 4,296	$ 3,920	$ 3,505
Operation and maintenance	1,517	1,441	1,345
Depreciation and amortization	772	693	633
General taxes	301	288	264
Other operating (income) expense	—	(1)	—
Other income (expense)	(339)	(269)	(220)
Provision for income taxes	302	259	188
Net income attributable to common shareholders	$ 1,065	$ 971	$ 854

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Water services:			
Residential	$ 2,349	$ 2,143	$ 1,941
Commercial	885	798	710
Fire service	164	158	147
Industrial	184	167	153
Public and other	301	284	267
Total water services	3,883	3,550	3,218
Wastewater services:			
Residential	245	228	174
Commercial	70	62	45
Industrial	12	8	4
Public and other	36	29	19
Total wastewater services	363	327	242
Other (a)	50	43	45
Total operating revenues	$ 4,296	$ 3,920	$ 3,505

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Years Ended December 31, 2024	2023	2022
Billed water services volumes:			
Residential	163,583	160,921	162,105
Commercial	80,385	78,404	77,627
Industrial	37,217	36,404	37,265
Fire service, public and other	54,700	54,236	51,966
Total billed water services volumes	335,885	329,965	328,963

In 2024, as compared to 2023, operating revenues increased $376 million, primarily due to: (i) a $288 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states; (ii) a $41 million increase from water and wastewater acquisitions and organic growth in existing systems; (iii) a $26 million increase from changes in customer demand; and (iv) a $17 million net increase as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Employee-related costs	$ 543	$ 513	$ 505
Production costs	458	438	387
Operating supplies and services	274	255	242

(In millions)	For the Years Ended December 31, 2024	2023	2022
Maintenance materials and supplies	97	102	96
Customer billing and accounting	72	65	59
Other	73	68	56
Total operation and maintenance expense	$ 1,517	$ 1,441	$ 1,345

Employee-Related Costs

(In millions)	For the Years Ended December 31, 2024	2023	2022
Salaries and wages	$ 434	$ 413	$ 395
Group insurance	69	60	59
Pensions	7	9	21
Other benefits	33	31	30
Total employee-related costs	$ 543	$ 513	$ 505

In 2024, as compared to 2023, employee-related costs increased $30 million primarily due to an increase in salaries and wages due to merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

(In millions)	For the Years Ended December 31, 2024	2023	2022
Purchased water	$ 180	$ 161	$ 154
Fuel and power	112	108	104
Chemicals	107	105	78
Waste disposal	59	64	51
Total production costs	$ 458	$ 438	$ 387

In 2024, as compared to 2023, production costs increased $20 million primarily from higher purchased water cost and usage.

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $19 million primarily due to higher contracted services and software licensing costs as well as an increase in various other operating expenses.

Depreciation and Amortization

In 2024, as compared to 2023, depreciation and amortization increased $79 million primarily due to additional utility plant placed in service from capital infrastructure investments and acquisitions.

General Taxes

In 2024, as compared to 2023, general taxes increased $13 million primarily due to incremental property taxes and New Jersey Gross Receipts Tax.

Other Income (Expense)

In 2024, as compared to 2023, other expenses increased $70 million primarily due to higher interest expense from the issuance of incremental long-term debt and a decrease in AFUDC in 2024.

Provision for Income Taxes

In 2024, as compared to 2023, the Regulated Businesses' provision for income taxes increased $43 million. The Regulated Businesses' effective income tax rate was 22.1% and 21.1% for the years ended December 31, 2024 and 2023, respectively. The increase was primarily due to the decrease in the amortization of EADIT, pursuant to regulatory orders. The amortization of EADIT is generally offset with reductions in revenue.

Other

Presented in the table below is information for Other:

	For the Years Ended December 31,		
	2024	2023	2022
(In millions)			
Operating revenues	$ 388	$ 314	$ 287
Operation and maintenance	341	279	244
Depreciation and amortization	16	11	16
General taxes	19	19	17
Interest expense	(107)	(96)	(119)
Interest income	77	45	50
Gain on sale of businesses	—	—	19
Other income	10	12	6
Provision for (benefit from) income taxes	6	(7)	—
Net loss attributable to common shareholders	$ (14)	$ (27)	$ (34)

Operating Revenues

In 2024, as compared to 2023, operating revenues increased $74 million from an increase in capital projects in MSG, primarily at Naval Station Mayport, and an increase in capital projects in CSG.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

	For the Years Ended December 31,		
	2024	2023	2022
(In millions)			
Operating supplies and services	$ 195	$ 150	$ 120
Maintenance materials and supplies	27	29	35
Employee-related costs	101	85	73
Production costs	10	9	10
Other	8	6	6
Total operation and maintenance expense	$ 341	$ 279	$ 244

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $45 million primarily due to costs associated with the increased capital projects in MSG.

Employee-Related Costs

In 2024, as compared to 2023, employee-related costs increased $16 million primarily due to an increase in salaries and wages.

Interest Income

In 2024, as compared to 2023, interest income increased $32 million primarily due to the increased interest rate and higher principal balance from the February 2024 amendment of the secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures—Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% CAMT provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On September 12, 2024, the Internal Revenue Service (the "IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Legislative Updates

During 2024 and 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of February 19, 2025:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.
- Iowa passed House File 207, which modifies property tax assessments to exempt property owned or operated by a public or private utility and is directly and primarily used for furnishing sanitary sewage or storm water drainage disposal by a piped collection system to the public for compensation. Legislation was signed by the Governor and became effective on May 2, 2024.
- West Virginia passed House Bill 5617, which adopts standards and authorizes the WVPSC to promulgate rules, and also allows for rate recovery, on maintenance, flushing, flow testing and marking of fire hydrants owned by water utilities. Legislation was signed by the Governor and became effective on June 4, 2024.

- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Commission for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor and became effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of a utility with an appraised value and purchase price of less than $3 million. Legislation was signed by the Governor became effective on July 1, 2024.
- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The

maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. Subject to satisfying certain conditions, the credit agreement also permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. As of December 31, 2024, AWCC had no outstanding borrowings and $82 million of outstanding letters of credit under its revolving credit facility, with $1.8 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Net income	$ 1,051	$ 944	$ 820
Add (less):			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Other non-cash activities (a)	62	(9)	(16)
Changes in assets and liabilities (b)	40	76	(355)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Gain on sale of businesses	—	—	(19)
Net cash provided by operating activities	$ 2,045	$ 1,874	$ 1,108

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2024, cash flows provided by operating activities increased $171 million, primarily due to an increase in net income and depreciation, partially offset by changes in deferred income taxes.

The Company expects to make pension contributions to the plan trusts of $44 million in 2025. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Capital expenditures	$ (2,856)	$ (2,575)	$ (2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	$ (3,379)	$ (2,815)	$ (2,127)

In 2024, cash flows used in investing activities increased $564 million as a result of increased payments for capital expenditures and acquisitions in 2024. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Transmission and distribution	$ 882	$ 922	$ 901
Treatment and pumping	305	322	190
Services, meter and fire hydrants	805	652	546
General structure and equipment	425	333	380
Sources of supply	163	88	95
Wastewater	276	258	185
Total capital expenditures	$ 2,856	$ 2,575	$ 2,297

In 2024, the Company's capital expenditures increased $281 million due to an increase across most infrastructure categories.

The Company also grows its business primarily through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During

2024, the Company paid $417 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 13 acquisitions of various regulated water and wastewater systems during 2024, which added approximately 69,500 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $17 billion to $18 billion, with $15.5 billion to $16 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $40 billion to $42 billion over the next 10 years. In 2025, the Company expects to invest $3.3 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Proceeds from long-term debt	$ 1,437	$ 1,264	$ 822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other financing activities, net (a)	47	62	76
Net cash provided by financing activities	$ 1,110	$ 1,188	$ 1,000

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2024, cash flows provided by financing activities decreased $78 million, primarily due to the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023. These decreases were partially offset by a higher issuance of long-term debt and an increase in short-term commercial paper borrowings in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $9.6 billion. Additionally, as of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $3.3 billion.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately

$1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of AWCC and for general corporate purposes.

On June 29, 2023, AWCC issued, in a private placement, $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. See Note 11—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2024 and 2022, $1.4 billion and $800 million, respectively, of debt securities were issued under this and a predecessor registration statement. During 2023, under the predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 4.65% and 5.51%, for the years ended December 31, 2024 and 2023, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2024	2023	2022
Total common shareholders' equity	42.4%	44.2%	38.3%
Long-term debt and redeemable preferred stock at redemption value	51.4%	52.9%	54.4%
Short-term debt and current portion of long-term debt	6.2%	2.9%	7.3%
Total	100%	100%	100%

The change in the capital structure mix in 2024 is mainly attributable to the increase in short-term commercial paper borrowings. The use of the proceeds from the common stock issuance on March 3, 2023, and the long-term debt issuance on June 29, 2023, reduced short-term commercial paper borrowings in 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2024, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 19, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk

Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2024, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2024 and 2023, the Company's regulatory asset balance was $1.2 billion and $1.1 billion, respectively, and its regulatory liability balance was $1.4 billion and $1.5 billion, respectively. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax

position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2024 and 2023, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.

- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.
- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality—Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.70%, 5.18% and 5.58% at December 31, 2024, 2023 and 2022, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.69%, 5.22% and 5.60% at December 31, 2024, 2023 and 2022, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.73% for 2024, 6.79% for 2023 and 6.50% for 2022. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2024, 5.00% for 2023 and 3.60% for 2022.

Presented in the table below are the allocations of the pension plan assets by asset category:

Asset Category	2025 Target Allocation	Percentage of Plan Assets as of December 31,	
		2024	2023
Equity securities	37%	44%	41%
Fixed income	63%	56%	59%
Total	100%	100%	100%

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

Asset Category	2025 Target Allocation (a)	Percentage of Plan Assets as of December 31,	
		2024	2023
Equity securities	27%	34%	32%
Fixed income	73%	66%	68%
Total	100%	100%	100%

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.51% for 2024, 2023 and 2022.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2024, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.75% in 2024 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2024, the Company projects that medical inflation will be 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.70% and 6.63%, respectively, for estimating its 2025 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.69% and 5.00%, respectively, for estimating its 2025 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2024 pension and postretirement total net benefit credit was $3 million and the 2023 pension and postretirement total net benefit credit was $6 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2025; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2024 and 2023 was $219 million and $193 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers

simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2024 and 2023, was $96 million and $109 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2024, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2024 would result in an increased annual interest expense of approximately $2 million.

As of December 31, 2024, the Company had eight treasury lock agreements, each with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed rate of 4.03%. When entering into treasury locks, the Company is subject to market risk with respect to

changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2024, was in a gain position of $24 million. A hypothetical 1% favorable change in interest rates would result in an increase in the fair value of the treasury locks to a gain position of approximately $60 million at December 31, 2024.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,169 million and $1,416 million, respectively, as of December 31, 2024. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators,

status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 35,059	$ 32,189
Accumulated depreciation	(7,021)	(6,751)
Property, plant and equipment, net	28,038	25,438
Current assets:		
Cash and cash equivalents	96	330
Restricted funds	29	34
Accounts receivable, net of allowance for uncollectible accounts of $53 and $51, respectively	416	339
Income tax receivable	25	86
Unbilled revenues	315	302
Materials and supplies	103	112
Other	231	186
Total current assets	1,215	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,150	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,144	1,143
Other	399	416
Total regulatory and other long-term assets	3,577	3,471
Total assets	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,371,701 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,598	8,550
Retained earnings	2,112	1,659
Accumulated other comprehensive income (loss)	12	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,332	9,797
Long-term debt	12,518	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,521	11,718
Total capitalization	22,853	21,515
Current liabilities:		
Short-term debt	879	179
Current portion of long-term debt	637	475
Accounts payable	346	294
Accrued liabilities	791	791
Accrued taxes	156	67
Accrued interest	111	93
Other	230	252
Total current liabilities	3,150	2,151
Regulatory and other long-term liabilities:		
Advances for construction	383	352
Deferred income taxes and investment tax credits	2,881	2,717
Regulatory liabilities	1,416	1,481
Operating lease liabilities	76	73
Accrued pension expense	217	262
Other	277	196
Total regulatory and other long-term liabilities	5,250	5,081
Contributions in aid of construction	1,577	1,551
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2024	2023	2022
Operating revenues	$4,684	$4,234	$3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$1,051	$ 944	$ 820
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Weighted average common shares outstanding:			
Basic	195	193	182
Diluted	195	193	182

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2024	2023	2022
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Other comprehensive income (loss), net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $(2) and $5 in 2024, 2023 and 2022, respectively	1	(3)	14
Defined benefit pension plan amortization of actuarial loss, net of tax of $0, $0 and $1 in 2024, 2023 and 2022, respectively	—	4	3
Unrealized gain (loss) on cash flow hedges, net of tax of $9, $0 and $1 in 2024, 2023 and 2022, respectively	39	(8)	5
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 in 2024, 2023 and 2022	(2)	4	—
Net other comprehensive income (loss)	38	(3)	22
Comprehensive income attributable to common shareholders	$ 1,089	$ 941	$ 842

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,051	$ 944	$ 820
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Provision for losses on accounts receivable	31	24	24
Gain on sale of businesses	—	—	(19)
Pension and non-pension postretirement benefits	(3)	(6)	(47)
Other non-cash, net	34	(27)	7
Changes in assets and liabilities:			
Receivables and unbilled revenues	(107)	(56)	(114)
Income tax receivable	61	28	(110)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Accounts payable and accrued liabilities	111	70	(8)
Accrued taxes	92	21	(118)
Other assets and liabilities, net	(117)	13	(5)
Net cash provided by operating activities	2,045	1,874	1,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(2,856)	(2,575)	(2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	(3,379)	(2,815)	(2,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,437	1,264	822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Advances and contributions in aid of construction, net of refunds of $33, $25 and $19 in 2024, 2023 and 2022, respectively	39	60	74
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other, net	8	2	2
Net cash provided by financing activities	1,110	1,188	1,000
Net (decrease) increase in cash, cash equivalents and restricted funds	(224)	247	(19)
Cash, cash equivalents and restricted funds at beginning of period	364	117	136
Cash, cash equivalents and restricted funds at end of period	$ 140	$ 364	$ 117
Cash paid (received) during the year for:			
Interest, net of capitalized amount	$ 483	$ 445	$ 414
Income taxes, net of refunds of $5, $30 and $2 in 2024, 2023 and 2022, respectively	$ (5)	$ —	$ 335
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 347	$ 399	$ 330

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Changes in Shareholders' Equity

(In millions, except per share data)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value				Shares	At Cost	
Balance as of December 31, 2021	186.9	$ 2	$ 6,781	$ 925	$ (45)	(5.3)	$ (365)	$ 7,298
Net income attributable to common shareholders	—	—	—	820	—	—	—	820
Common stock issuances (a)	0.5	—	43	—	—	(0.1)	(12)	31
Net other comprehensive income	—	—	—	—	22	—	—	22
Dividends ($2.62 declared per common share)	—	—	—	(478)	—	—	—	(478)
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332

(a) Includes stock-based compensation, employee stock purchase plan and direct stock reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $398 million and $419 million as of December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2024	2023
Cash and cash equivalents	$ 96	$ 330
Restricted funds	29	34
Restricted funds included in other long-term assets	15	—
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 140	$ 364

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note is accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and is classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note is accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8—Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2024 and 2023, on the Consolidated Balance Sheets are estimated refunds of $21 million and $18 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $46 million, $40 million and $37 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2024	2023	2022
Allowance for other funds used during construction	$ 38	$ 41	$ 20
Allowance for borrowed funds used during construction	21	24	14

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company adopted the standard as of December 31, 2024, including a recast of 2023 and 2022 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 20—Segment Information for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.

(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New

Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the West Virginia Public Service Commission (the "WVPSC") issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized

incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.
(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.
(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water

Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2024, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2024	2023
Removal costs recoverable through rates	$ 356	$ 322
Deferred pension expense	318	308
Customer lead line replacements	86	66
Unamortized debt expense	84	82
Regulatory balancing accounts	71	81
Programmed maintenance expense	57	58
Purchase premium recoverable through rates	50	52
Other	128	137
Total regulatory assets	$ 1,150	$ 1,106

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $304 million and $300 million as of December 31, 2024 and 2023, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Other regulatory assets include the financial impacts relating to the COVID-19 pandemic, certain construction costs for treatment facilities, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

The Company has current regulatory assets of $19 million and $13 million included in other current assets on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2024	2023
Income taxes recovered through rates	$ 1,016	$ 1,064
Removal costs recovered through rates	245	254
Postretirement benefit liability	71	85
Other	84	78
Total regulatory liabilities	$ 1,416	$ 1,481

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 (the "TCJA") required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the financial impacts relating to the COVID-19 pandemic, TCJA reserves on revenue, pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

The Company has no current regulatory liabilities and had $1 million of current regulatory liabilities included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,938	$ 3	$ 1,941
Commercial	709	1	710
Fire service	147	—	147
Industrial	152	1	153
Public and other	252	—	252
Total water services	3,198	5	3,203
Wastewater services:			
Residential	173	1	174
Commercial	45	—	45
Industrial	4	—	4
Public and other	19	—	19
Total wastewater services	241	1	242
Miscellaneous utility charges	36	—	36
Alternative revenue programs	—	15	15
Lease contract revenue	—	9	9
Total Regulated Businesses	3,475	30	3,505
Other	288	(1)	287
Total operating revenues	$ 3,763	$ 29	$ 3,792

(a) Includes revenues associated with alternative provisional rates, revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $84 million, $95 million and $86 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract assets of $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024. There were $87 million of contract assets added during 2023, and $78 million of contract assets were transferred to accounts receivable during 2023.

Contract liabilities of $40 million, $63 million and $91 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract liabilities of

$14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024. There were $103 million of contract liabilities added during 2023, and $131 million of contract liabilities were recognized as revenue during 2023.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2024, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $612 million as of December 31, 2024, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, and which acquisitions added approximately 69,500 water and wastewater customers. These totals include the acquisitions from the Butler Area Sewer Authority and Granite City noted below. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. Seven of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

On October 29, 2024, the Company's Pennsylvania subsidiary acquired the wastewater collection and treatment system assets from the Butler Area Sewer Authority for a purchase price of $230 million, in cash. This system provides wastewater service for approximately 15,000 customer connections. Assets acquired from this acquisition, principally utility plant, totaled $229 million and $1 million of goodwill. This acquisition was accounted for as a business combination.

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination.

During 2023, the Company closed on 23 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $77 million, $2 million of which was funded as a deposit in 2021, and which acquisitions added approximately 18,100 water and wastewater customers. Assets acquired from these acquisitions, principally utility plant, totaled $81 million and liabilities assumed totaled $4 million. Five of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $77 million, $50 million, and $50 million of interest income during the years ended December 31, 2024, 2023 and 2022, respectively, from this note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants were amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under this note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

On December 3, 2024, a covenant in the secured seller note was amended to increase the maximum aggregate principal amount of revolving facility indebtedness (as defined and described thereunder) that could be incurred at any time by the Buyer and certain affiliates.

The secured seller note may not be prepaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2024	2023	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 302	$ 293		
Sources of supply	1,124	1,081	20 to 127 years	46 years
Treatment and pumping	4,786	4,594	3 to 101 years	39 years
Transmission and distribution	14,745	13,900	9 to 128 years	66 years
Services, meters and fire hydrants	6,356	5,696	2 to 109 years	29 years
General structures and equipment	2,813	2,512	3 to 109 years	17 years
Waste collection	1,986	1,719	5 to 113 years	53 years
Waste treatment, pumping and disposal	1,425	1,191	2 to 153 years	34 years
Construction work in progress	1,359	1,040		
Other plant	22	24		
Total utility plant	34,918	32,050		
Nonutility property	141	139	3 to 50 years	12 years
Total property, plant and equipment	$35,059	$32,189		

Property, plant and equipment depreciation expense amounted to $690 million, $617 million and $552 million for the years ended December 31, 2024, 2023 and 2022, respectively, and was included in depreciation and amortization expense on the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.73%, 2.68% and 2.60% for the years ended December 31, 2024, 2023 and 2022, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $347 million and $399 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In December and January of 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. In March of 2023, the NJEDA issued to the Company the utilization certificate for the 2020 tax credits in the amount of $16 million. The Company sold the 2022, 2021, and 2020 tax credits to an external party for $14 million, $15 million and $15 million, respectively. For the years ended December 31, 2024, 2023 and 2022, the Company recorded losses of $2 million, $1 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2023, the Company had current assets of $32 million included in Other and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. In 2023, the Company reduced net realizable value of the future tax credit receivable by approximately $7 million as the Company does not expect it will be eligible to recognize the full amount of the

tax credit as it expects to have lower than required eligible headcount in the future. The Company has made the necessary annual filing for the year ended December 31, 2023, and expects to make the 2024 filing in April 2025, prior to the required filing deadline. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2024	2023	2022
Balance as of January 1	$ (51)	$ (60)	$ (75)
Amounts charged to expense	(31)	(24)	(24)
Amounts written off	31	28	27
Other, net (a)	(2)	5	12
Balance as of December 31	$ (53)	$ (51)	$ (60)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2024 and 2023:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2023	$3,470	$ (2,332)	$113	$ (108)	$3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	—	—	—	—	—	—	—
Balance as of December 31, 2023	$3,470	$ (2,332)	$113	$ (108)	$3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$3,471	$ (2,332)	$113	$ (108)	$3,584	$ (2,440)	$ 1,144

The Company completed its annual impairment testing of goodwill as of November 30, 2024, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2024.

In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment. In 2023, there were no additions or impairments to the Company's goodwill.

Note 9: Shareholders' Equity

Common Stock Offering

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of parent company, and for general corporate purposes.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2024, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2024 and 2023. As of December 31, 2024, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2024, 2023 and 2022:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2022	$ (107)	$ 1	$ 67	$ (6)	$ —	$ (45)
Other comprehensive income before reclassification	14	—	—	5	—	19
Amounts reclassified from accumulated other comprehensive income	—	—	3	—	—	3
Net other comprehensive income	14	—	3	5	—	22
Ending balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2024, 2023 and 2022, the Company paid $585 million, $532 million and $467 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2024	2023	2022
December	$0.7650	$0.7075	$0.6550
September	$0.7650	$0.7075	$0.6550
June	$0.7650	$0.7075	$0.6550
March	$0.7075	$0.6550	$0.6025

On December 6, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share payable on March 4, 2025, to shareholders of record as of February 7, 2025.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017

Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2024, 5.8 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2024, 2023 and 2022 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2024, 2023 and 2022. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2024	2023	2022
RSUs and PSUs	$ 34	$ 23	$ 26
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	36	25	28
Income tax benefit	(8)	(6)	(6)
Stock-based compensation expense, net of tax	$ 28	$ 19	$ 22

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2024, 2023 and 2022.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2024, 2023 and 2022, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2024, 2023 and 2022, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Beginning in 2024, the shares are distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $10 million, $9 million and $9 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	64	$ 134.61
Granted	81	123.07
Vested	(59)	148.13
Forfeited	(11)	140.79
Non-vested total as of December 31, 2024	75	$ 131.20

As of December 31, 2024, $5 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.67 years. The total fair value of stock units and RSUs vested was $9 million, $6 million and $6 million for the years ended December 31, 2024, 2023 and 2022, respectively.

During 2024, 2023 and 2022, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $23 million, $28 million and $20 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	245	$ 143.26
Granted	177	127.18
Vested	(60)	157.83
Forfeited	(40)	181.71
Non-vested total as of December 31, 2024	322	$ 130.04

As of December 31, 2024, $7 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.83 years. The total fair value of PSUs vested was $23 million, $31 million and $24 million for the years ended December 31, 2024, 2023 and 2022, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company's common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily

stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2024	2023	2022
Expected volatility	22.98%	25.45%	29.69%
Risk-free interest rate	4.39%	4.31%	1.90%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$118.95	$168.00	$99.23

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2024, there were 1.4 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2024, 2023 and 2022, the Company issued approximately 90,000, 87,000 and 82,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2024	2023
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.02%	2025-2054	$ 11,786	$ 10,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	188
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.04%	2025-2061	761	729
Mortgage bonds—fixed rate	6.35%-9.19%	7.41%	2025-2039	456	516
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.01%		13,193	12,222
Unamortized debt discount, net (b)				(20)	(11)
Unamortized debt issuance costs				(15)	(18)
Less current portion of long-term debt				(637)	(475)
Total long-term debt				$ 12,521	$ 11,718

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $752 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2024.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00. In addition, the Company has $824 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.51%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2025	$ 637
2026	1,478
2027	686
2028	868
2029	936
Thereafter	8,588

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

The Company incurred debt issuance costs of $14 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations and minimizes this risk by dealing only with leading, creditworthy financial institutions having long-term credit ratings of "A-" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $880 million and $180 million as of December 31, 2024 and 2023, respectively, or net of discount $879 million and $179 million as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2024	2023
Average borrowings	$ 161	$ 288
Maximum borrowings outstanding	$ 880	$ 1,570
Weighted average interest rates, as of December 31	4.65%	5.51%

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2024	2023	2022
Property and capital stock	$ 125	$ 119	$ 108
Gross receipts and franchise	140	134	124
Payroll	41	38	36
Other general	14	16	13
Total general taxes	$ 320	$ 307	$ 281

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2024	2023	2022
Current income taxes:			
State	$ 16	$ 16	$ 26
Federal	136	28	82
Total current income taxes	$ 152	$ 44	$ 108
Deferred income taxes:			
State	$ 53	$ 44	$ 24
Federal	104	165	57
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	156	208	80
Provision for income taxes	$ 308	$ 252	$ 188

Presented in the table below is a reconciliation between the statutory federal income tax rate and the Company's effective tax rate for the years ended December 31:

	2024	2023	2022
Income tax at statutory rate	21.0%	21.0%	21.0%
Increases (decreases) resulting from:			
State taxes, net of federal taxes	4.0%	4.0%	4.1%
EADIT	(2.7)%	(4.2)%	(6.5)%
Other, net	0.4%	0.3%	0.1%
Effective tax rate	22.7%	21.1%	18.7%

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2024	2023
Deferred tax assets:		
Advances and contributions	$ 493	$ 478
Tax losses and credits	128	17
Regulatory income tax assets	181	191
Pension and other postretirement benefits	64	75
Other	163	172
Total deferred tax assets	1,029	933
Valuation allowance	(8)	(11)
Total deferred tax assets, net of allowance	$ 1,021	$ 922
Deferred tax liabilities:		
Property, plant and equipment	$ 3,553	$ 3,269
Deferred pension and other postretirement benefits	86	84
Other	244	268
Total deferred tax liabilities	3,883	3,621
Total deferred tax liabilities, net of deferred tax assets	$ (2,862)	$ (2,699)

As of December 31, 2024 and 2023, the Company had state net operating loss ("NOL") carryforwards of $251 million and $238 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards expire in 2025 through 2044.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of December 31, 2024, the Company has a CAMT credit carryforward of $111 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the

CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2019 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2022	$ 140
Increases in current period tax positions	26
Decreases in prior period measurement of tax positions	(8)
Balance as of December 31, 2022	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203

The Company's tax positions relate primarily to the deductions claimed for repair and maintenance costs on its utility plant. The Company expects a reduction of approximately $81 million in its unrecognized tax benefits within the next year due to the expiration of statutes of limitation, offset by current year activity.

If the Company sustains all of its positions as of December 31, 2024, an unrecognized tax benefit of $8 million, excluding interest and penalties, would impact the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2024 and 2023.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2022	$ 10
Increases in current period tax positions	1
Balance as of December 31, 2022	$ 11
Increases in current period tax positions	—
Balance as of December 31, 2023	$ 11
Decreases in current period tax positions	(3)
Balance as of December 31, 2024	$ 8

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001,

except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2024, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3%
Equity securities:						
U.S. large cap	155	29	—	—	126	11%
U.S. small cap	34	34	—	—	—	2%
International	258	—	—	—	258	19%
Real estate fund	120	—	—	—	120	9%
REITs	6	—	—	—	6	—%
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17%
Corporate bonds	489	—	489	—	—	35%
Mortgage-backed securities	6	—	6	—	—	—%
Municipal bonds	20	—	20	—	—	2%
Guarantee annuity contracts	32	—	—	32	—	2%
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100%

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Cash	$ 56	$ 56	$ —	$ —	$ —	4%
Equity securities:						
U.S. large cap	134	23	—	—	111	9%
U.S. small cap	37	37	—	—	—	3%
International	235	—	—	—	235	16%
Real estate fund	132	—	—	—	132	9%
REITs	6	—	—	—	6	—%
Fixed income securities:						
U.S. Treasury securities and government bonds	234	171	2	—	61	16%
Corporate bonds	531	—	531	—	—	38%
Mortgage-backed securities	8	—	8	—	—	1%
Municipal bonds	23	—	23	—	—	2%
Long duration bond fund	3	—	—	—	3	—%
Guarantee annuity contracts	32	—	—	32	—	2%
Total	$ 1,431	$ 287	$ 564	$ 32	$ 548	100%

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2024 and 2023, respectively.

The Company's 2025 target pension plan asset allocation is 37% equity securities and 63% fixed income securities. The Company's 2024 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4%
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7%
Corporate bonds	83	—	83	—	—	86%
Municipal bonds	3	—	3	—	—	3%
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100%
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7%
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7%
Corporate bonds	23	—	23	—	—	82%
Municipal bonds	1	—	1	—	—	4%
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100%
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2%
Equity securities:						
U.S. large cap	46	46	—	—	—	36%
International	30	30	—	—	—	23%
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1%
Municipal bonds	48	—	48	—	—	38%
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100%
Total	$ 253	$ 95	$ 158	$ —	$ —	100%

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4%
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7%
Corporate bonds	86	—	86	—	—	85%
Municipal bonds	4	—	4	—	—	4%
Total bargained VEBA	$ 101	$ 11	$ 90	$ —	$ —	100%
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	6%
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	6%
Corporate bonds	26	—	26	—	—	82%
Municipal bonds	2	—	2	—	—	6%
Total Active VEBA	$ 32	$ 4	$ 28	$ —	$ —	100%
Non-bargained VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	2%
Equity securities:						
U.S. large cap	44	44	—	—	—	35%
International	30	30	—	—	—	24%
Fixed income securities:						
Municipal bonds	49	—	49	—	—	39%
Total non-bargained VEBA	$ 125	$ 76	$ 49	$ —	$ —	100%
Total	$ 258	$ 91	$ 167	$ —	$ —	100%

The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2024 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the

fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,622	$ 1,578	$ 247	$ 255
Service cost	17	17	2	2
Interest cost	83	85	12	14
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	(55)	67	(18)	(4)
Settlements	(2)	(3)	—	—
Gross benefits paid	(105)	(118)	(22)	(24)
Federal subsidy	—	—	1	1
Other adjustments	—	(4)	—	—
Benefit obligation as of December 31,	$ 1,560	$ 1,622	$ 225	$ 247
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,431	$ 1,413	$ 258	$ 254
Actual return on plan assets	19	93	11	22
Employer contributions	49	46	3	3
Plan participants' contributions	—	—	3	3
Settlements	(2)	(3)	—	—
Benefits paid	(105)	(118)	(22)	(24)
Fair value of plan assets as of December 31,	$ 1,392	$ 1,431	$ 253	$ 258
Funded value as of December 31,	$ (168)	$ (191)	$ 28	$ 11
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 51	$ 73	$ 29	$ 12
Current liability	(2)	(2)	—	—
Noncurrent liability	(217)	(262)	(1)	(1)
Net amount recognized	$ (168)	$ (191)	$ 28	$ 11

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Net actuarial loss	$ 337	$ 340	$ 13	$ 30
Prior service credit	(5)	(8)	(84)	(115)
Net amount recognized	$ 332	$ 332	$ (71)	$ (85)
Regulatory assets (liabilities)	$ 304	$ 300	$ (71)	$ (85)
Accumulated other comprehensive income	28	32	—	—
Total	$ 332	$ 332	$ (71)	$ (85)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Projected benefit obligation	$ 916	$ 952
Fair value of plan assets	697	688

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Accumulated benefit obligation	$ 852	$ 875
Fair value of plan assets	697	688

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2025 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2025 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2025	$ 121	$ 22	$ 1
2026	122	22	1
2027	124	22	1
2028	124	21	1
2029	125	20	1
2030-2034	612	90	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2024	2023	2022	2024	2023	2022
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from 6.50% in 2025 to 5.00% in 2031+	graded from 6.75% in 2024 to 5.00% in 2031+	graded from 7.00% in 2023 to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.18%	5.58%	2.94%	5.22%	5.60%	2.90%
Expected return on plan assets	6.73%	6.79%	6.50%	5.00%	5.00%	3.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from 6.75% in 2024 to 5.00% in 2031+	graded from 7.00% in 2023 to 5.00% in 2031+	graded from 6.00% in 2022 to 5.00% in 2026+

NOTE: "N/A" in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each of the plans' projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company's pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.73% to estimate its 2024 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2024 other postretirement benefit costs.

For the years ended December 31, 2024, 2023 and 2022, the Company's mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2024	2023	2022
Components of net periodic pension benefit cost (credit):			
Service cost	$ 17	$ 17	$ 30
Interest cost	83	85	64
Expected return on plan assets	(94)	(94)	(122)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	22	13	21
Settlements	1	1	—
Net periodic pension benefit cost (credit)	$ 26	$ 19	$ (10)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ (1)	$ 3	$ (14)
Amortization of actuarial loss	—	(4)	(3)
Total recognized in other comprehensive income	(1)	(1)	(17)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 25	$ 18	$ (27)
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 3
Interest cost	12	14	10
Expected return on plan assets	(12)	(12)	(19)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	2	—
Net periodic other postretirement benefit (credit) cost	$(29)	$(25)	$ (37)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $14 million and $13 million for 2024, 2023 and 2022, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $18 million, $17 million and $16 million for 2024, 2023 and 2022, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.1 billion as of December 31, 2024.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2025	$ 81
2026	70
2027	63
2028	64
2029	64
Thereafter	859

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2024, the Company has accrued approximately $16 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $9 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted

customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost

water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On

May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the WVPSC issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the

construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2024	2023	2022
Numerator:			
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Denominator:			
Weighted average common shares outstanding—Basic	195	193	182
Effect of dilutive common stock equivalents	—	—	—
Weighted average common shares outstanding—Diluted	195	193	182

The effect of dilutive common stock equivalents is related to outstanding stock options, RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based

awards were excluded from the computation of diluted EPS for the years ended December 31, 2024, 2023 and 2022, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS is $795 million and $720 million as of December 31, 2024 and 2023, respectively. This amount represents the principal amount owed under the secured promissory seller note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $793 million and $704 million as of December 31, 2024 and 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. As of December 31, 2023, the contingent cash payment was accounted for as a receivable, as the conditions had been satisfied, and its carrying amount, which approximated fair value, was included as a long-term asset in Other on the Consolidated Balance Sheets.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2024				
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

	As of December 31, 2023				
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments:				
Money market and other	26	—	—	26
Fixed-income securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets (liabilities)	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as

Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $71 million and $62 million in other current assets, as of December 31, 2024 and 2023, respectively, and $44 million and $111 million in other long-term assets, as of December 31, 2024 and 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

	As of December 31, 2023			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2024, is as follows:

	Amount
Other investments—Available-for-sale fixed-income securities	
Less than one year	$ 57
1 year—5 years	25
5 years—10 years	5
Greater than 10 years	7
Total	$ 94

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million and $144 million as of December 31,

2024 and 2023, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2025 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $12 million, $11 million and $12 million for the years ended December 31, 2024, 2023 and 2022, respectively.

For the year ended December 31, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $11 million. For the year ended December 31, 2024, ROU assets obtained in exchange for new operating lease liabilities was $11 million.

As of December 31, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities at December 31, 2024, were $11 million in 2025, $10 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029 and $86 million thereafter. At December 31, 2024, imputed interest was $47 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions

about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.
(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.
(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,505	$ 287	$ 3,792
Less:			
Operation and maintenance (a)	1,345	244	1,589
Other segment items (b)	173	11	184
Depreciation and amortization	633	16	649
Interest expense	314	119	433
Interest income	(2)	(50)	(52)
Gain on sale of businesses	—	(19)	(19)
Provision for income taxes	188	—	188
Net income (loss) attributable to common shareholders	$ 854	$ (34)	$ 820
Total assets	$ 25,038	$ 2,749	$ 27,787
Capital expenditures	$ 2,284	$ 13	$ 2,297

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

Note 21: Unaudited Quarterly Data

Presented in the tables below are supplemental, unaudited, consolidated, quarterly financial data for each of the four quarters in the years ended December 31, 2024 and 2023, respectively. The operating results for any quarter are not indicative of results that may be expected for a full year or any future periods.

	2024			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$1,011	$1,149	$1,323	$1,201
Operating income	326	449	543	400
Net income attributable to common shareholders	185	277	350	239
Basic earnings per share:				
Net income attributable to common shareholders	$ 0.95	$ 1.42	$ 1.80	$ 1.22
Diluted earnings per share:				
Net income attributable to common shareholders	0.95	1.42	1.80	1.22

	2023			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$ 938	$1,097	$1,167	$1,032
Operating income	295	432	478	299
Net income attributable to common shareholders	170	280	323	171
Basic earnings per share: (a)				
Net income attributable to common shareholders	$0.91	$ 1.44	$ 1.66	$ 0.88
Diluted earnings per share: (a)				
Net income attributable to common shareholders	0.91	1.44	1.66	0.88

(a) Amounts may not sum due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2024, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Chief Executive Officer Succession

On February 19, 2025, reflecting the Company's existing and ongoing executive development and succession planning activities by management and the Board of Directors, Ms. Hardwick, the Company's Chief Executive Officer and a director, notified Karl F. Kurz, Board Chair, of her decision to retire as the Company's Chief Executive Officer and principal executive officer, effective as of the conclusion of the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting"). In her notice, Ms. Hardwick also indicated her decision not to stand for re-election to the Board of Directors at the 2025 Annual Meeting. On February 19, 2025, the Board of Directors accepted Ms. Hardwick's notice and, upon the recommendation of the Nominating Committee, determined that she would not stand for re-election to the Board of Directors at the 2025 Annual Meeting. Ms. Hardwick's decision not to stand for re-election to the Board of Directors was not as a result of any disagreement with the Company or the Board of Directors on any matter relating to the Company's operations, policies or practices.

On February 19, 2025, to provide for the orderly succession of Ms. Hardwick's roles, the Board of Directors designated Mr. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as principal executive officer, effective as of the conclusion of the 2025 Annual Meeting, to hold office until the Company's 2026 Annual Meeting of Shareholders (the "2026 Annual Meeting") and until his successor has been elected and qualified, or until his earlier death, resignation or removal. Upon the recommendation of the Nominating Committee, the Board of Directors also nominated Mr. Griffith for election to the Board of Directors at the 2025 Annual Meeting, and he will be included among the director nominees of the Board of Directors to be named in the Company's 2025 Proxy Statement. If elected to the Board of Directors by the shareholders of the Company, Mr. Griffith would serve until the Company's 2026 Annual Meeting and until his successor has been elected and qualified, or until his earlier death, resignation or removal, and would not serve on any committee of the Board of Directors. See Item 1—Business—Information About Our Executive Officers, for more information about Mr. Griffith's business experience.

Other than existing compensatory arrangements between Mr. Griffith and the Company as described in the Company's 2024 Proxy Statement, in connection with his succession: (i) there are no arrangements or understandings between Mr. Griffith and any other person pursuant to which Mr. Griffith was designated or nominated to serve in his new roles, (ii) no material plan, contract or arrangement has been entered into with Mr. Griffith, and no such plan, contract or arrangement with Mr. Griffith has been materially amended, and (iii) no grant of any award to Mr. Griffith or modification of an existing award has been made. Mr. Griffith does not have any family relationship with any director or other executive officer of the Company, or any person nominated or chosen by the Company to become a director or executive officer, and does not have any direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K.

In connection with Ms. Hardwick's retirement, the ED&CC recommended, based on the advice of its independent compensation consultant, and the independent members of the Board of Directors approved, in

addition to Ms. Hardwick's customary executive compensation for 2025 (which was consistent with her executive compensation for 2024), a discretionary cash payment to Ms. Hardwick of $800,000, less all applicable withholdings and deductions, in recognition of her outstanding service and performance in the role as Chief Executive Officer.

Board of Directors Committee Changes

As part of its annual 2025 committee review process and to appropriately distribute director responsibilities, on February 19, 2025, the Board of Directors, upon the recommendation of the Nominating Committee, appointed director Stuart M. McGuigan to serve on the ED&CC and the SETO Committee, and determined that director Patricia L. Kampling will no longer serve on the SETO Committee, each of which actions took effect immediately.

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2024, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains an Insider Trading and Prohibited Transactions Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the policy and practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading and Prohibited Transactions Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, establishing the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.8	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.9	Officers' Certificate, dated August 13, 2015, providing for a further issuance of the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).

Exhibit Number	Exhibit Description
4.10	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.11	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.12	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.13	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.14	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.15	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.16	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.17	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.18	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.19	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.20	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.21	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.22	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.23	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).

Exhibit Number	Exhibit Description
4.24	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (filed herewith).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3*	Offer Letter for Employment, dated as of August 1, 2024, between American Water Works Company, Inc. and M. Susan Hardwick (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.4*	Offer Letter for Employment, dated February 16, 2021, between American Water Works Company, Inc. and Cheryl Norton (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.5*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.6*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).

Exhibit Number	Exhibit Description
10.7*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.8*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (filed herewith).
10.9*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.10*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.11.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.11.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19. 2019).
10.12*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, dated as of March 1, 2007 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.13.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.13.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.14*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.15.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.15.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).

Exhibit Number	Exhibit Description
10.15.3*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2014 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 6, 2014).
10.15.4*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.16.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.16.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Restricted Stock Unit Grant. (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.5*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.16.6*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.10*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).

Exhibit Number	Exhibit Description
10.16.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.16.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-2 (incorporated by reference to Exhibit 10.14 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.16.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).

Exhibit Number	Exhibit Description
10.16.25*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.30*	Amendments to Forms of 2023 and 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (filed herewith).
10.16.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.16.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 31, 2024).
10.17*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.18*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.19.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.19.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.19.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).

Exhibit Number	Exhibit Description
10.20.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.20.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.20.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (filed herewith).
10.21	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective April 26, 2023 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).

Exhibit Number	Exhibit Description
101.INS	XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.20.1, Exhibit 10.20.2 and Exhibit 10.20.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of February, 2025.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 19th day of February, 2025, by the following persons in the capacities indicated.

/s/ M. SUSAN HARDWICK	/s/ JEFFREY N. EDWARDS
M. Susan Hardwick **Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ MARTHA CLARK GOSS
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Martha Clark Goss** **(Director)**
/s/ MELISSA K. WIKLE	/s/ KIMBERLY J. HARRIS
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Kimberly J. Harris** **(Director)**
/s/ LAURIE P. HAVANEC	/s/ JULIA L. JOHNSON
Laurie P. Havanec **(Director)**	**Julia L. Johnson** **(Director)**
/s/ PATRICIA L. KAMPLING	/s/ KARL F. KURZ
Patricia L. Kampling **(Director)**	**Karl F. Kurz** **(Board Chair)**
/s/ MICHAEL L. MARBERRY	/s/ STUART M. McGUIGAN
Michael L. Marberry **(Director)**	**Stuart M. McGuigan** **(Director)**

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-277166 and 333-263068) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 19, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, M. Susan Hardwick, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, M. Susan Hardwick, Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
February 19, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 19, 2025

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amwater.com ▪ ir.amwater.com

1 Water Street
Camden, NJ 08102-1658

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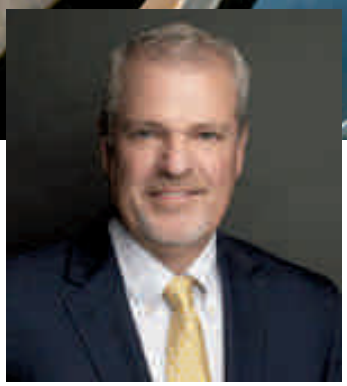
AMERICAN WATER

WE KEEP LIFE FLOWING®

2025 Annual Report



TO OUR SHAREHOLDERS,

As Board Chair of American Water, I am pleased to report that American Water has once again successfully executed on its strategic plan through disciplined operations, prudent capital deployment and effective regulatory execution. American Water's 2025 financial and operational performance demonstrates that it is advancing strategically and is well-positioned for future growth.

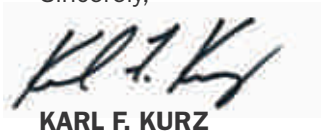
For the year ended December 31, 2025, adjusted earnings per share (EPS) growth and dividend growth exceeded 8 percent, which aligns with the long-term compounded annual growth target of 7-9 percent for both.

Reflecting this strong and consistent performance, the Board authorized another dividend increase in 2025—the 17th consecutive annual increase. Over the last five years, dividends have grown at a compounded annual rate of 8.6 percent.

Additionally, your votes rang loud and clear at the Special Shareholders Meeting on February 10, 2026, where you overwhelmingly approved American Water's merger-related proposals. We are grateful for your support and confidence, as your endorsement paves the way for American Water's successful future and its ability to deliver greater value in the long-term to our shareholders, customers and communities.

These positive outcomes illustrate the commitment and adherence to company values and sound execution of our business strategy by our dedicated employees. The American Water Board of Directors would like to thank you, our shareholders, for your continued trust and support. Please plan to join us for the virtual Annual Meeting of Shareholders at 10:00 a.m. Eastern Time, on Wednesday, May 13, 2026.

Sincerely,



KARL F. KURZ
Board Chair

DEAR SHAREHOLDERS,

American Water delivered strong financial and operational performance in 2025, reflecting the dedication of our team and a keen focus on our customers and communities in which we serve. I am pleased to report that we achieved these results across many financial and operational metrics, including in the areas of safety, water quality and earnings growth. Our steadfast commitment to serving our customers and supporting our communities is evident as we continue to deliver safe, clean, reliable and affordable water and wastewater services to approximately 14 million people across the United States.

In 2025, we invested $3.2 billion in capital for our customers. Through acquisitions and organic growth, we added nearly 40,000 customer connections to our regulated operations, and on average we kept residential water bills well under 1 percent of median household income across our footprint.

Looking forward, we plan to invest between $46 billion and $48 billion over the next decade in projects to better serve our customers, including infrastructure renewal, water quality, resiliency, technology, and water and wastewater system acquisitions. These investments aim to strengthen our systems, support sustainable growth, and help ensure that we continue to set the industry standard for reliability and service. Our focus on infrastructure is not just about pipes and plants — it is about building the foundation for healthy communities and economic prosperity across our service territories for generations to come.

Central to our growth strategy is the pursuit of opportunities that create lasting value. In 2025, we made significant progress through the announcement of meaningful water and wastewater system acquisition agreements, including the Nexus Water Group acquisition announced in May 2025 for nearly 47,000 customers. Our acquisition platform, which is key driver of our customer growth, continuously strengthens American Water's position as the leading regulated water and wastewater utility in the United States.

Your overwhelming approval in February 2026 of the share issuance for our proposed merger with Essential Utilities underscores your confidence in our long-term growth strategy. This combination would bring together two industry leaders, resulting in a company that will serve 4.7 million water and wastewater connections across 17 states and on 18 military installations, with a combined water and wastewater rate base

of over $29 billion. The merger will increase our scale and geographic diversity, positioning us for continued investment in critical infrastructure and sustainable growth. American Water anticipates finalizing the merger by the first quarter of 2027.

In closing, American Water continues to operate at the highest standards. Operational, capital and regulatory execution remains the foundation of our strategy, and our teams across the country remain focused on delivering superior service every day.

The future of American Water is bright. In 2026, we will integrate new systems with care, invest in our people and communities, and pursue innovative solutions to meet the nation's water and wastewater challenges with reliability, affordability and resilience.

Thank you for your unwavering support throughout 2025. I look forward to our achievements in 2026 as we shape a prosperous future for American Water and its stakeholders.

Sincerely,

JOHN C. GRIFFITH
President and Chief Executive Officer

COMPANY INFORMATION

AUDIT FIRM AND TRANSFER AGENT

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
Two Commerce Square
2001 Market Street, Suite 1800
Philadelphia, PA 19103-7042

Stock Transfer Agent
Equiniti Trust Company, LLC
1110 Centre Pointe Curve, Suite 101
Mendota Heights, Minnesota 55120
Phone: 800-937-5449 (toll-free)
718-921-8124 (outside U.S. & Canada)

BOARD OF DIRECTORS

John C. Griffith
President and Chief Executive Officer,
American Water Works Company, Inc.

Karl F. Kurz
Non-Executive Board Chair
Former Chief Operating Officer,
Anadarko Petroleum Corporation

Jeffrey N. Edwards
Director
Vice Chairman, New Vernon Capital

Lisa A. Grow
Director
Director, President and Chief Executive Officer,
IDACORP, Inc. and Idaho Power Company

Laurie P. Havanec
Director
Former Executive Vice President and Chief People Officer, CVS Health Corporation

Julia L. Johnson
Director
President, Net Communications, LLC

Patricia L. Kampling
Director
Former Chairman and Chief Executive Officer,
Alliant Energy Corporation

Michael L. Marberry
Director
Former President and Chief Executive Officer,
J.M. Huber Corporation

Stuart M. McGuigan
Director
Former Global Chief Information Officer,
Fresenius Medical Care AG

Raffiq Nathoo
Director
Managing Partner, T^{X3} Sage Rock

INQUIRIES

Shareholders with questions, or those who wish to obtain a copy of the company's reports filed with the Securities and Exchange Commission without charge, should visit American Water's Investor Relations page at https://ir.amwater.com

SHAREHOLDER INFORMATION

Investor Relations
1 Water Street
Camden, NJ 08102-1658
Investor Relations Line: 856-566-4005
Email: ir@amwater.com

Corporate Headquarters
1 Water Street
Camden, NJ 08102-1658
Phone: 856-955-4001
https://amwater.com

Stock Market
Common stock of American Water Works Company, Inc. is traded on the New York Stock Exchange (NYSE) under the symbol AWK.

Annual Meeting
The 2026 annual meeting of shareholders is scheduled for 10:00 a.m. ET on Wednesday, May 13, 2026, to be held virtually (and not at a physical location). All holders of our outstanding common stock at the close of business on March 17, 2026, are entitled to notice of, and to vote at, the meeting. Notice of the meeting and proxy materials will be distributed to shareholders and accessible to the public on our Investor Relations page at https://ir.amwater.com. Management encourages all investors to have their votes counted at the annual meeting.

Executive Certifications
American Water has included as exhibits to its 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission certifications of the chief executive officer and chief financial officer of the company regarding the company's public disclosures contained therein. The company also provides annually to the NYSE a certificate of the CEO certifying that, among other things, it is not aware of any violation by the company of NYSE corporate listing standards.

Dividends
Dividends paid on the company's common stock in 2025 were:

March 4, 2025	$0.7650
June 3, 2025	$0.8275
September 3, 2025	$0.8275
December 2, 2025	$0.8275

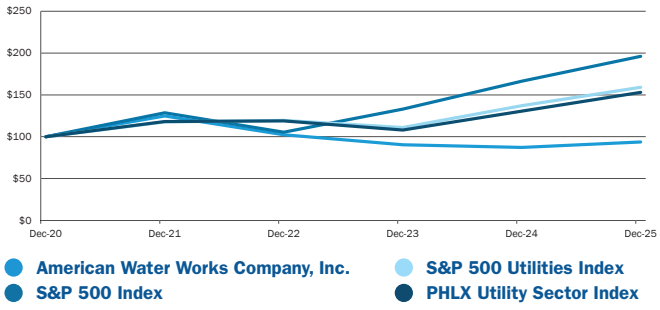
Stock Performance Graph
This year, the stock performance graph reflects the Company's decision to replace the PHLX Utility Sector Index with the Standard & Poor's 500 Utilities Index as its peer industry index. The Company believes the Standard & Poor's 500 Utilities Index provides a more representative comparison between the Company and its peer industry, and thus this index reflects better alignment with how institutional investors identify the Company's peers. Beginning next year, the stock performance graph will no longer include the PHLX Utility Sector Index.

The graph below compares the cumulative total return on American Water's common stock with the cumulative total return of the Standard & Poor's 500 Index, Standard & Poor's 500 Utilities Index and the PHLX Utility Sector Index from December 31, 2020, through December 31, 2025. The comparison assumes $100 was invested on December 31, 2020, and that dividends were reinvested.

The Company has successfully executed on its financial and operating plans the last several years, including meeting or exceeding its EPS guidance and its dividend growth target. The Company believes that its relative TSR performance in 2025 and for the five years ended in 2025 was diminished due to the combination of rising interest rates and the shifting of investments from water utilities to other investment options that have data center-driven growth expectations, including electric and gas utilities.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*

Among American Water Works Company, Inc., the S&P 500 Index, the S&P 500 Utilities Index, and the PHLX Utility Sector Index



*$100 invested in each security on 12/31/2020, assumes reinvestment of dividends. Fiscal year ending December 31.

Source of data: FactSet.

	12/31/20	12/31/21	12/30/22	12/29/23	12/31/24	12/31/25	5-year TSR
American Water Works Company, Inc.	$ 100.00	$ 124.81	$ 102.49	$ 90.52	$ 87.33	$ 93.81	(6.19)%
S&P 500 Index	$ 100.00	$ 128.71	$ 105.40	$ 133.10	$ 166.40	$ 196.16	96.16%
S&P 500 Utilities Index	$ 100.00	$ 117.67	$ 119.51	$ 111.05	$ 137.07	$ 159.06	59.06%
PHLX Utility Sector Index	$ 100.00	$ 118.24	$ 119.01	$ 108.10	$ 130.68	$ 153.04	53.04%

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to_____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$23,779,400,000 as of June 30, 2025 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 30, 2025, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 30, 2025, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—195,208,666 shares as of February 9, 2026.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2025 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation, and the imposition, utilization or change in various economic tariffs (or any attempt or effort to do so), may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;

- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;

- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
    - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
    - limitations on the parties' ability to pursue alternatives to the proposed merger;
    - an event, change or other circumstance that could give rise to the termination of the merger agreement;
    - a delay in the timing to consummate the proposed merger;
    - each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger);
    - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
    - any impact of the proposed merger on the Company's and the combined company's ability to declare and pay quarterly dividends on its common stock;
    - the risk of litigation related to the proposed merger;
    - changes in the parties' key management and personnel;
    - the amount and nature of incurred transaction costs associated with the proposed merger; and
    - reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger;
- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
    - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
    - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and

- any requirement by the Company to pay a termination fee in the event the closing does not occur;

- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;

- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The completion of the proposed merger is subject to certain customary conditions. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. See Note 5—Mergers, Acquisitions and Divestitures—Agreement and Plan of Merger with Essential Utilities, Inc., in the Notes to Consolidated Financial Statements for additional information.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries as of the date hereof, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.6 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,723 million for 2025, $4,296 million for 2024 and $3,920 million for 2023, accounting for 92%, 92% and 93%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2025:

	Operating Revenues (in millions)					Number of Customers (in thousands)			
	Water	Wastewater	Other (a)	Total	% of Total	Water	Wastewater	Total	% of Total
Pennsylvania	$ 931	$ 195	$ 14	$ 1,140	24.1%	697	117	814	22.8%
New Jersey	1,024	67	14	1,105	23.4%	680	70	750	21.0%
Missouri	548	23	4	575	12.2%	486	24	510	14.3%
Illinois	435	95	18	548	11.6%	299	77	376	10.5%
California	364	5	1	370	7.8%	193	3	196	5.5%
Total—Top Five States (b)	3,302	385	51	3,738	79.1%	2,355	291	2,646	74.1%
Other (c)	931	37	17	985	20.9%	887	39	926	25.9%
Total Regulated Businesses	$ 4,233	$ 422	$ 68	$ 4,723	100.0%	3,242	330	3,572	100.0%

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents. Customers associated with other operating revenues are not applicable.

(b) The Company's "Top Five States" are determined based upon operating revenues.

(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2025, 2024 and 2023:

	2025		2024		2023	
(In millions)	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
Water Services:						
Residential	$ 2,557	54%	$ 2,349	55%	$ 2,143	55%
Commercial	981	21%	885	21%	798	20%
Fire service	189	4%	164	4%	158	4%
Industrial	195	4%	184	4%	167	4%
Public and other water (a)	311	7%	291	7%	274	7%
Wastewater	422	9%	363	8%	327	8%
Other (b)	68	1%	60	1%	53	2%
Total	$ 4,723	100%	$ 4,296	100%	$ 3,920	100%

(a) Includes water revenues from public authorities and other utilities and community water systems under bulk contracts.
(b) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2025, 2024 and 2023, which represents approximately 13 million people served as of December 31, 2025:

	2025		2024		2023	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,942	307	2,920	307	2,893	279
Commercial	224	21	222	21	221	18
Fire service	55	—	53	—	52	—
Industrial	4	—	4	—	4	—
Public and other (a)	17	2	18	1	18	1
Total	3,242	330	3,217	329	3,188	298

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2025:

	Surface Water	Ground Water	Purchased Water
Pennsylvania	91%	7%	2%
New Jersey	74%	22%	4%
Missouri	83%	16%	1%
Illinois	50%	38%	12%
California	—%	65%	35%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state has previously experienced multi-year droughts, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $46 billion and $48 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from what was a 250-year replacement cycle in 2009 to a less than a 150-year replacement cycle on average over the last five years. The specific replacement rate varies by year depending on other high priority capital needs, but the Company anticipates it will reach better than a 100-year replacement rate within the next decade, which is generally viewed in the industry as a minimum benchmark for a long-term sustainable replacement rate. In addition, from 2026 to 2030, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, MO, NJ, PA, TN, VA, WV

Regulatory Practices	Description	States Allowed
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, MO, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated utility tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated utility tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2025, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2025, that there are over 50,000 community water systems and, as of 2022, over 16,000 community wastewater systems in the United States, with approximately 81% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's Regulated Businesses current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Additional constructive legislative efforts include H.R. 2872, which would allow utilities to deduct repair costs from their adjusted financial statement income calculation for CAMT, and H.R. 2594, legislation to establish a Water Risk and Resilience Organization to develop cybersecurity requirements for water systems. Efforts to advance these legislative priorities will continue in 2026.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated utility tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Ten of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See —Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, clean, reliable and affordable. Through increased efficiency, conservation and affordability support programs and utility tariffs, on average across the enterprise, the Company achieves average residential bills that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public

convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential, American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. Other also includes a contract with a municipal customer to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $417 million for 2025, $388 million for 2024 and $314 million for 2023, accounting for 8%, 8% and 7%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army, Air Force, and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 37 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses and MSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that

drinking water standards and wastewater requirements have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $4.1 billion over the next five years, and approximately $788 million in 2026, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national standards for drinking water quality. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2026. The Company is tracking state level regulations that require implementation in 2026 and supporting state operations in its compliance efforts.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to

have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule, as amended ("LCR"), to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company continues to evaluate its service territories and has applied for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service line ("LSL") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated its intent to extend the compliance deadline to 2031, under the current rule utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, continues to actively advocate for and support bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act and related state laws regulate discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that fail

to comply with the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the American Water Works Association, other state environmental agencies, universities, research labs and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemical Abstract Service Registry contains over 290 million registered chemicals, with an estimated 1,500 species of disease-causing microbes that can affect humans. The Company is continually investigating new

substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;
- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;
- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;
- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to MSG as requested or as otherwise needed. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, physical security, cybersecurity, risk management and insurance, treasury, and water quality. For additional information concerning the Company's cybersecurity program, see Item 1C—Cybersecurity. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

Sustainability

The Company considers sustainability principles, such as environmental leadership and corporate governance, fundamental to its corporate strategy and values. The Company has developed a cross-functional approach that supports and drives its sustainability strategy, principles and reporting.

The Company focuses its sustainability efforts in three primary areas: financial, operational and cultural:

- The Company seeks to achieve financial sustainability through its disciplined approach to capital investment and regulatory execution, which supports efforts to grow its business and drive shareholder value while addressing water and wastewater challenges in the United States. The Company's capital investment program is financed with cash flows from operating activities and through a combination of debt and equity capital issuances structured to maintain a healthy balance sheet over the long-term. The Company's approach to balance sheet management is centered on maintaining investment-grade metrics, substantial liquidity provided by highly-rated financial institutions and interest rate management on new debt issuances through its hedging program.
- Operational sustainability means focusing on operating performance and the day-to-day management of water and wastewater systems that provide safe, clean, reliable and affordable service. The Company focuses on the quality of execution and the need to operate its systems safely, efficiently and in compliance with all environmental requirements, for the benefit of its customers. The Company believes this approach to operational sustainability is aligned with the values of its regulators and policymakers.
- Cultural sustainability is reflected in the Company's commitment to support a high performing workforce, while seeking to attract and retain employees who share its purpose and values and understand the needs of the communities in which it serves. The Company demonstrates this commitment to its employees through its values. The Company also believes that investing time, energy and resources in its workforce helps to generate new ideas, continuously improve operations and provide high quality, reliable service for its customers and communities.

Demonstrated Leadership

The Company's values and actions support recognition for demonstrating leadership in areas related to trust, responsibility and sustainability, as well as for positive contributions to its employees and to the communities and customers the Company serves. Among others, these recognitions include the following:

- ranked on *Newsweek's* Worlds's Most Trustworthy Companies 2025 list;
- recognized on *Newsweek's* America's Most Responsible Companies 2025 and 2026 lists; and
- named on *Forbes* America's Best Employers for Company Culture 2025.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting that involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and/or responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; management of financial risk exposures and related financial activities, including, for example, the Company's capital structure and capital expenditures, financial condition and financing requirements, dividend payment policy, and pension and benefit plan investment performance; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and/or responsibility with respect to, among other things: corporate governance; establishment, composition and leadership of the committees of the Board of Directors; director nominations, succession and independence; the Company's political contribution policy and related political contribution and lobbying disclosures, and director education and evaluations.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key sustainability metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures, all of which are reviewed annually and recommended by the Nominating Committee for approval by the Board of Directors.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes

physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 188,000 hours of safety training, including physical security and cybersecurity, in 2025. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a situation is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In January 2025, an employee of the Company was fatally injured after being struck by a train. Following the Company's thorough review of the incident, the ED&CC, SETO Committee and the Board of Directors determined the incident to be non-preventable. The Company's review concluded that applicable safety protocols were in place and functioning as intended at the time of the incident. For 2025, the Company had an Occupational Safety and Health Administration Recordable Incident Rate ("ORIR") of 0.36 (not including the non-preventable fatality). For 2025, the Company had a Days Away Restricted or Transferred ("DART") rate of 0.19, compared to the Company's 2025 target DART rate of 0.39. For 2025, to reinforce its focus on the reduction and prevention of serious injuries and incidents, the Company began to track its serious injuries or incidents using the Serious Injury Incidence Rate ("SIIR"), which measures the number of such incidents per 100 employees. The target SIIR for 2025 was 0.04 and the Company recorded no such incidents for 2025.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean, reliable and affordable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2025, the Company filled approximately 1,439 positions, 66% of which with external candidates and 34% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high-performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. Employee succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2025, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, Long-Term Performance Plan compensation for certain strategic positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave, fertility and family building benefits and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 88% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage.

Trust, Dignity and Respect

In 2025, the Company continued its focus on its Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model behaviors consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company's weCARE employee value proposition focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools.

Workforce Data

As of December 31, 2025, the Company had approximately 7,000 employees. For 2025, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2025, was 11.1%, up from 10.5% in 2024.

As of December 31, 2025, approximately 44% of the Company's workforce was represented under 74 collective bargaining agreements with 14 different unions. In 2025, the Company renegotiated 28 collective bargaining agreements that were set to expire during the year. During 2026, 26 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees.

Board Oversight

The ED&CC establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC also oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities, as well as having responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 18, 2026:

Name	Age	Office and Experience
John C. Griffith	59	**President and Chief Executive Officer.** Mr. Griffith has served as Chief Executive Officer and principal executive officer of the Company since May 14, 2025 and as President since August 2024. He joined the Company in May 2022 and served as its Executive Vice President and Chief Financial Officer until August 2024. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	47	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 2022 to August 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint Energy, Inc. from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren Corporation (which was sold to CenterPoint Energy on February 1, 2019) from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.

Name	Age	Office and Experience
Maureen Duffy	56	**Executive Vice President, Communications and External Affairs.** Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 2024 and has had over 26 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 through October 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Stacy A. Mitchell	50	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years.
Cheryl Norton	61	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 37 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation and as a member of the Board of Trustees of The Cooper Health System.
Lori A. Sutton	52	**Executive Vice President, Chief Human Resources Officer.** Ms. Sutton was appointed as Executive Vice President, Chief Human Resources Officer, effective October 1, 2025 and served as Senior Vice President, Chief Human Resources Officer from April 1, 2025 to September 30, 2025. Ms. Sutton joined the Company in February 2023 as its Chief Inclusion, Diversity and Equity Officer, and also served as the Company's Vice President of Talent Acquisition from April 2024 to November 2024, and its Senior Vice President of Talent Management from December 2024 to March 2025. Prior to joining the Company, Ms. Sutton served from September 2021 to February 2023 as Global Head of Inclusion, Diversity and Culture at Alcoa, Inc. Before that, she worked in similar roles at Berry Global Group, Inc., from September 2019 to September 2021. She is a member of the Board of Directors of Liberty Federal Credit Union in Evansville, Indiana.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q or its current reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risk Factors Summary

The following summary is intended to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors discussed below in their entirety for additional information. A number of the factors that could materially and adversely affect our business, financial condition or results of operations include:

Risks Related to Our Industry and Business Operations

- Our Regulated Businesses are subject to regulation by PUCs and other regulatory agencies, which affects our business, financial condition, results of operations and cash flows, and may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.
- Our operations and the water we supply are subject to environmental, water quality and health and safety laws and regulations, including contaminants of emerging concern, compliance with which could impact our operating costs and capital expenditures, and violations of which could subject us to costs, damage to our reputation or regulatory action, and contamination events may lead to service limitations, reduced usage or litigation.
- Limitations or restrictions on water supplies may adversely affect our access to sources of water, our ability to supply water to customers and, together with climate variability, severe weather, natural disasters and seasonality, may cause service disruptions, reduced demand or increased costs.
- The current regulatory rate setting process may result in a significant delay, also known as “regulatory lag,” from the time that we invest in infrastructure improvements, incur increased operating expenses, incur increased cost of capital or experience declining water usage, to the time at which we can seek to address these events in general rate cases. Our inability to mitigate or minimize regulatory lag could adversely affect our business.
- Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.
- Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities, and aging infrastructure may require increased capital and O&M spending.
- Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding or experience increases in short- and long-term interest rates or delays in completing major capital expenditure projects.
- Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.
- Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

- We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.
- The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.
- Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.
- An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.
- We face technology, cybersecurity and data privacy risks, including failures, cyber attacks, unauthorized access and evolving privacy requirements, any of which may result in operational disruption, regulatory actions or reputational harm.
- An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.
- Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.
- Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Financial, Economic and Market-Related Risks

- Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.
- Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.
- Our forward sale agreements may adversely affect our results of operations or financial condition, the share price of our common stock and our liquidity, and may potentially cause shareholder dilution.
- The conditional exchange feature of the 3.625% Exchangeable Senior Notes due 2026 (the "Exchangeable Notes"), if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.
- Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.
- We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Risks Related to the Proposed Merger with Essential

- The proposed merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all

such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed merger or impose conditions that could have a material adverse effect on us or the combined company.

- The proposed merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.
- The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay Essential a significant termination fee.
- If completed, the proposed merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.
- The proposed merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.
- If the proposed merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

Additional Risks Related to Our Business

- Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;

- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply and wastewater we treat are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether or to what extent liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities. In September 2025, the EPA reaffirmed this enforcement approach, explaining that, while it intends to focus CERCLA enforcement activities on entities that significantly contributed to PFAS releases and generally does not plan to pursue actions against passive receivers, its enforcement discretion does not alter CERCLA’s underlying liability framework or restrict

private party claims, and therefore the extent to which we may be subject to future CERCLA liability for PFAS-related claims remains uncertain. Furthermore, both federal and state laws and regulations have been enacted or proposed that seek to reduce or limit GHG emissions and/or require or would require additional reporting, monitoring and disclosure of, among other things, GHG emissions and related financial risks, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently promulgated LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our approach to how we dispose of material related to treatment at impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs in whole or in part or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or wastewater or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being identified, created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened

species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the "1995 Order," the "2009 Order" and, as amended in July 2016, the "2016 Order" and, collectively, the "Orders") that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Utility tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial condition, results of operations and cash flows. Seasonal and other drought conditions that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions, rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased weather volatility and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;

- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict the potential impact on our business, financial condition, results of operations, cash flows and liquidity. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;
- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates, or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assert liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contracting regulations and contractor affirmative action audits;
- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not

operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sanitary sewer overflow and system failure. Liabilities resulting from such events could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our business, financial condition, results of operations and cash flows. Utility tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2025, we invested $3.2 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling

systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, PFAS, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents directed at our operations or industries upstream from our water treatment plants. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a “Do Not Use” protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply or water service, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, utility tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by utility tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our long-term growth, financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

Some states in which we operate allow the respective public utility commissions to use fair market value to set ratemaking rate base instead of the traditional depreciated original cost of water or wastewater assets for certain qualifying acquisitions. Depending on the state, there are varying rules and circumstances in which fair value is determined. Some states' regulations allow ratemaking rate base to equal the lower of the average of the appraisals or the purchase price, subject to regulatory approval. There may be situations where we may pay more than the ultimate fair value of the utility assets as set by the regulatory commission, despite the fair value legislation suggesting its full recovery. In June 2024, the Pennsylvania Public Utility Commission updated existing procedures and guidelines designed to increase public involvement and ensure greater consistency in the process for reviewing and evaluating the acquisition and valuation of municipal-owned or authority-owned water and wastewater systems in Pennsylvania. This includes requirements for public notice and meetings, requires a rate impact notice, and provides other measures to improve the fair market value process when investor-owned utilities acquire water and wastewater utilities in Pennsylvania. In these situations, goodwill may be recognized to the extent there is an excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through a business acquisition. Our financial condition and results of operations could be harmed by an inability to earn a return on, and recover our purchase price as a component of rate base.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management's time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;
- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and

- difficulties in integrating or assimilating acquired systems' operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, in December 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers

and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See —Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally

identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation or other claims, as well as damages, fines, penalties and/or adverse disclosures, perception or publicity about us and our businesses. These events could also require us to change our business practices, and the events (including any actions we may take to respond to or following such events) or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured. We also rely on a limited number of mutual insurance companies for a significant portion of our insurance coverage and any disruption in these markets or changes in the terms offered by these companies could materially increase our costs or limit our ability to obtain adequate insurance.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker's compensation, employer's liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses.

In addition, we maintain a substantial portion of our liability and property insurance coverage through a small number of mutual insurance companies that specialize in providing coverage to the utility industry. These mutual insurers provide us with competitive terms, conditions, and self-insured retentions that may not be available in the broader commercial insurance market. If one or more of these mutual insurers were to experience significant financial distress, experience a dilution in their credit ratings, decide to withdraw from the utility sector, or otherwise restrict insurance terms and conditions, we could face a substantial increase in our insurance premiums or a reduction in the scope of available coverage, or the inability to obtain coverage at all.

Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can continue to be able to secure all necessary or appropriate insurance in the future on an economically reasonable basis or at all. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs, a reduction in the number of insurance carriers willing or able to provide us with coverage, or increased deductibles or self-insured retention requirements. Any or all of the foregoing circumstances described above could result in us experiencing losses that are uninsured or underinsured, or result in us being unable to continue to maintain appropriate or reasonable insurance coverage for our business, which could have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible

for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2025, approximately 44% of our workforce was represented by unions, and we had 74 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 26 of which are scheduled to expire during 2026, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2025, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $15.8 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;

- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2025, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2026, 2027 and 2028 will be $1,479 million, $646 million and $869 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2025, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2025, there were no outstanding borrowings under the revolving credit facility, $1,590 million of commercial paper outstanding and $84 million in outstanding letters of credit.

There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry's financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

Settlement provisions contained in our forward sale agreements subject us to risks if certain events occur, which could have an effect on our results of operations and liquidity, and could cause the price of our common stock to decline.

In August 2025, we entered into forward sale agreements with each of Wells Fargo National Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC, each as forward purchasers, relating to an aggregate of 8,098,592 shares of our common stock. Each forward purchaser will have the right to accelerate the forward sale agreement to which it is a party and require us to physically settle such forward sale agreement on a date specified by such forward purchaser if:

- in the good faith, commercially reasonable judgment of such forward purchaser, it or its affiliate is unable to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of such forward sale agreement or it or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than an extraordinary dividend), (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such forward purchaser;
- certain ownership thresholds applicable to such forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreements), as well as certain events such as a delisting of our common stock (each as more fully described in the forward sale agreements); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made by us in connection with our entry into a forward sale agreement, our bankruptcy (except as described below) or certain changes in law (each as more fully described in the forward sale agreements).

A forward purchaser's decision to exercise its right to accelerate a forward sale agreement to which it is a party (or, in certain cases, the portion thereof that it determines is affected by the relevant event) will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the physical settlement provisions of that particular forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. In addition, upon certain events of bankruptcy or insolvency related to us, each forward sale agreement will automatically terminate without further liability of either party. Following any such termination, we would not issue any shares of our common stock or receive any proceeds pursuant to the forward sale agreements.

Each forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion on or prior to December 31, 2026. Each forward sale agreement will be physically settled by delivery of shares of our common stock, unless we elect to cash settle or net share settle such forward sale agreement. Upon physical settlement or, if we so elect, net share settlement of a particular forward sale agreement, delivery of shares of our common stock in connection with such physical settlement or (to the extent we are obligated to deliver shares of our common stock) net share settlement will result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of our common stock underlying a particular forward sale agreement, we expect that the relevant forward purchaser (or an affiliate thereof) will purchase a number of shares of our common stock necessary to satisfy its or its affiliate's obligation to return the shares of our common stock borrowed from third parties in connection with the related sales of shares of our common stock under that forward sale agreement and, upon net share settlement, its obligation to deliver shares to us, if applicable. If the market value of shares of our common stock during the relevant valuation period under the particular forward sale agreement is above the applicable forward sale price, in the case of cash settlement, we would be obligated to pay the relevant forward purchaser under that particular forward sale agreement an amount in cash equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to cash settlement or, in the case of net share settlement, we would be obligated to deliver to the relevant forward purchaser a number of shares of our common stock having a value equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to net share settlement. Thus, we could be responsible for a potentially substantial cash payment or share delivery obligation.

In addition, the purchase of shares of our common stock in connection with the relevant forward purchaser or its affiliate unwinding its hedge positions could cause the market price of our common stock to increase over such time (or prevent a decrease over such time), thereby increasing the amount of cash we would owe to the relevant forward purchaser (or decreasing the amount of cash that the relevant forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of our common stock we would be obligated to deliver to the relevant forward purchaser (or decreasing the number of shares of our common stock that the relevant forward purchaser would be obligated to deliver to us) upon net share settlement of the relevant forward sale agreement. We will not be able to control the manner in which the forward purchasers unwind their hedge positions.

The forward sale price that we expect to receive upon physical settlement of the forward sale agreements is subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding rate less a spread and will be decreased based on amounts related to expected dividends on shares of our common stock during the term of such forward sale agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price for such day.

In certain bankruptcy or insolvency events, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the forward sales of our common stock.

If we institute or consent to, or an appropriate regulatory or other authority institutes against us, a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or if we or such authority presents a petition for our winding up or liquidation or we consent to such a petition, each forward sale agreement will automatically terminate. If a forward sale agreement so terminates, we would not be obligated to deliver to the relevant forward purchaser any shares of our common stock not previously delivered (or for which physical settlement has not been elected), and the relevant forward purchaser would be discharged from its obligation to pay the forward sale price per share in respect of any shares of our common stock not previously settled (or for which physical settlement has not been elected). Therefore, to the extent there are any shares of our common stock with respect to which we have not elected to physically settle under a forward sale agreement at the time of the institution of or consent to any such bankruptcy or insolvency proceedings or any such petition, we would not receive the forward sale price per share in respect of those shares of our common stock.

Our shareholders may experience dilution as a result of the issuance of shares upon physical or net share settlement of the forward sale agreements, which may impact our earnings per share and the book value and fair value of our common stock.

Our issuance of common stock pursuant to a forward sale agreement upon physical settlement or net share settlement thereof will have a dilutive effect on our earnings per share. Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors who do not participate in future issuances. Shareholders will not be entitled to vote on our issuance of additional common stock. In addition, our shareholders may experience dilution in both the book value and fair value of their shares.

The conditional exchange feature of the Exchangeable Notes, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of Notes. See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Exchangeable Notes. In the event the conditional exchange feature of the Exchangeable Notes is triggered and one or more holders elect to exchange their Exchangeable Notes, AWCC would be required to settle any exchanged principal through the payment of cash,

which could adversely affect our liquidity. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Exchangeable Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Exchangeable Notes may encourage short selling by market participants because the exchange of the Exchangeable Notes could be used to satisfy short positions, and any anticipated exchange of the Exchangeable Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2025, included $1.2 billion of goodwill and $254 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Risks Related to the Proposed Merger with Essential

The market price of shares of parent company's or Essential's common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, and as a result, the consideration at the date of the closing of the proposed Essential merger may vary significantly from the date the Essential Merger Agreement was executed.

Upon completion of the proposed Essential merger, each outstanding share of Essential common stock will be converted into the right to receive 0.305 shares of parent company common stock. The number of shares of parent company common stock to be issued pursuant to the Essential Merger Agreement for each share of Essential common stock will not change to reflect changes in the market price of parent company common stock or Essential's common stock. Because we may not complete the proposed Essential merger until a significant period of time has passed after the determination of the exchange ratio, the market value of parent company common stock issued in connection with the Essential merger and the Essential common stock surrendered in connection with the Essential merger may be higher or lower than the value of the shares at the time the exchange ratio was fixed. Stock price changes may result from market assessment of the likelihood that the proposed Essential merger will be completed, changes in our or Essential's business, operations or prospects prior to or following the proposed Essential merger, litigation or regulatory considerations, reactions from the financial markets or analysts, general business, market, industry or economic conditions, and other factors both within and beyond our control, including the risks, uncertainties and other factors described in this Annual Report on Form 10-K and in our other SEC filings. We may not terminate the Essential Merger Agreement solely because of changes in the market price of either company's common stock.

The proposed Essential merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed Essential merger or impose conditions that could have a material adverse effect on us or the combined company.

We anticipate that, subject to the receipt of all required regulatory and other consents and approvals and the satisfaction or waiver of all other closing conditions, the Essential merger will be completed in the first quarter of

2027. Among other closing conditions, completion of the proposed Essential merger is conditioned upon the receipt of such required consents, orders and approvals from various governmental and regulatory entities and other third parties, including PUCs in certain states in which either or both companies operate, including without limitation the Pennsylvania Public Utility Commission. The proposed merger is also subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the proposed merger is a condition to closing the proposed merger.

We cannot provide any assurance that all of the required consents, orders and approvals will be obtained or that these consents, orders or approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the Essential merger, including requiring one or both companies to dispose of certain assets. The Essential Merger Agreement allows, subject to certain conditions, limitations and exclusions, each party to terminate the Essential Merger Agreement (and generally without the payment of a termination fee to the non-terminating party) if the final terms of any of the required regulatory consents, orders or approvals would result in or require an undertaking of efforts or the taking of action that would reasonably be expected to have, individually or in the aggregate, a "burdensome effect" (as defined in the Essential Merger Agreement). Any substantial delay in obtaining satisfactory consents, orders or approvals, or the imposition of any requirements, terms or conditions in connection with a party's obtaining such consents, orders or approvals, could be on terms that we or Essential do not believe to be reasonable or could cause a material reduction in the expected benefits of the proposed merger and/or an impairment or deterioration in our or Essential's relationships with their respective applicable PUCs. If any such delays or conditions are significant enough, one or both parties may decide to abandon the proposed Essential merger and terminate the Essential Merger Agreement, subject to its terms. If the proposed merger is not completed, our ongoing businesses may be adversely affected, including, as follows:

- having to pay certain significant costs relating to the proposed merger without receiving the benefits of the proposed merger, including, in certain circumstances, a payment by us to Essential of a termination fee of $835 million in the case of a termination fee payable by us to Essential;
- diversion of management's attention from day-to-day operations;
- not pursuing other strategic transactions that we may have otherwise considered had we not entered into the Essential Merger Agreement with Essential;
- we will have been subject to certain restrictions on the conduct of our ongoing businesses, which may have prevented us from making certain acquisitions or dispositions or pursuing certain business opportunities while the proposed merger was pending; and
- the price of parent company's common stock may decline to reflect assumptions by the market as to whether the proposed merger will be completed.

The proposed Essential merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.

The proposed Essential merger will be completed only if stated conditions are satisfied, including the receipt of the requisite regulatory and other approvals, among other conditions. Many of the conditions are outside the parties' control, and both parties also have certain rights to terminate the Essential Merger Agreement. Accordingly, there may be uncertainty regarding the completion of the proposed merger. This uncertainty, or any disagreement with the decision to enter into the Essential Merger Agreement, may cause our suppliers, vendors, strategic partners, certain customers or others that deal with us to delay or defer entering into contracts or make other decisions concerning us, or to seek to change or cancel existing business relationships. Any delay or deferral of those decisions or changes in existing agreements or relationships could have a material adverse effect on us and our financial condition and results of operations.

The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed Essential merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay to the other party a significant termination fee.

Under the Essential Merger Agreement, we and Essential are each restricted, subject to limited exceptions, from entering into certain alternative transactions in lieu of the proposed Essential merger, including, among other things, soliciting, initiating, knowingly encouraging or knowingly facilitating the making of a proposal that is or would reasonably be expected to lead to a competing acquisition proposal from any person. Each of our Board of Directors and Essential's board of directors is limited in its ability to change its recommendation with respect to the proposed merger and related proposals. We and/or Essential may terminate the Essential Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the Essential Merger Agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us or Essential from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the proposed merger, or the competing transaction might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the Essential Merger Agreement, in the event the Essential Merger Agreement is terminated to accept a superior proposal, or under certain other circumstances, we would be required to pay a termination fee of $835 million to Essential in the case of a termination of the Essential Merger Agreement by us, and Essential would be required to pay a termination fee of $370 million to us in the case of a termination of the Essential Merger Agreement by Essential.

We may be the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the proposed Essential merger from being completed.

Securities class action lawsuits, derivative lawsuits, and lawsuits seeking to enjoin the proposed Essential merger are often brought against companies that have entered into a merger agreement. Even if these lawsuits are without merit, defending against these claims can result in substantial costs to the parties to the Essential Merger Agreement and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed.

If completed, the proposed Essential merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.

We entered into the Essential Merger Agreement with the expectation that the proposed Essential merger will result in various benefits, including, among other things, increased efficiencies of scale and size, increased geographic diversity, greater long-term growth opportunities for employees of the combined company, and other operating efficiencies. Achieving the anticipated benefits of the proposed merger is subject to a number of uncertainties, including whether our and Essential's businesses can be integrated in an efficient, effective and timely manner.

We could have difficulty integrating the acquired assets, personnel and operations with our own. We anticipate that the integration of the two companies may ultimately be complex, and we expect to devote significant time and resources to this integration process. Risks and uncertainties that could impact us negatively include:

- unforeseen or significant difficulties in integrating the two companies and their assets, operations, cultures and employees;
- the potential disruption of the ongoing businesses and distraction of our and Essential's management;

- changes in our business focus and/or management;
- risks related to owning, operating, maintaining and successfully managing Essential's natural gas distribution business, including any increased risks and liabilities associated with the operation of that business;
- difficulties in establishing and/or maintaining uniform standards, systems, controls, procedures and policies, including accounting and financial reporting, across both of the integrated companies, or merging or linking disparate ones;
- the potential impairment of relationships with employees and partners as a result of any integration of new management personnel;
- the potential inability to manage an increased number of locations and employees; and
- the effect of any government regulations which relate to Essential's business, including with respect to jurisdictions in which our Regulated Businesses currently do not operate.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the proposed Essential merger as and when expected. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies, and the various management and corporate governance constructs provided for in the Essential Merger Agreement to govern the combined company, including with respect to the board of directors of the combined company, may not operate successfully as intended or desired. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and otherwise adversely affect the combined company's future business, financial condition, operating results and prospects.

The proposed Essential merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.

We currently anticipate that the proposed Essential merger will be accretive to our earnings per share in 2028, the first full year following the completion of the proposed merger. This expectation is based on preliminary estimates that are subject to change. We also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the proposed merger or be subject to other factors that affect our preliminary estimates. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the proposed merger and contribute to a decrease in the market price of our common stock.

The combined company's financial condition, results of operations and cash flows could be adversely affected by unknown or unexpected events, conditions or actions that occur prior to the closing of the proposed Essential merger.

The combined company's assets, liabilities, business, financial condition, cash flows, and operating results, as well as its business strategies and prospects, could be adversely affected before or after the closing of the proposed Essential merger as a result of previously unknown events or conditions occurring or existing before closing. Adverse changes in our or Essential's business or operations could occur or arise as a result of actions by us or Essential, or as a result of legal or regulatory developments (including, without limitation, the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions), and other factors both within and beyond the control of us or Essential. A significant decline in the value of Essential's assets that we would acquire in the proposed merger or a significant increase in Essential's liabilities to be assumed could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

If the proposed Essential merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

In accordance with applicable accounting standards in the United States related to business combinations, we believe that the proposed Essential merger will be accounted for as an acquisition of Essential's common stock by parent company and will follow the acquisition method of accounting for business combinations, including with respect to goodwill. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to, for example, market conditions, other factors related to our performance or the performance of Essential's business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information, in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. Market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water and wastewater utilities, market price performance of our common stock that compares unfavorably to our peer companies, or other circumstances. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to our income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

We cannot assure that we will be able to continue paying quarterly dividends at the current rate, or to propose and/or maintain future quarterly dividend increases as planned.

Our shareholders have no contractual or other legal right to dividends that have not been declared. We currently expect that we will continue to pay dividends in an amount consistent with our dividend strategy and policy in effect prior to the announcement of the proposed merger, and that we will continue to propose future increases in our quarterly dividend rate consistent with our announced dividend growth strategy. However, there is no assurance that our shareholders will continue to receive payments of such dividends while the proposed Essential merger is pending or the combined company will pay such dividends following completion of the proposed merger, for a number of reasons that include, for example:

- a lack of cash to pay such dividends, due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- our Board of Directors may decide not to declare and pay quarterly dividends in accordance with historical practice or our stated dividend strategy, or at all;
- the amount of quarterly dividends that we may pay to shareholders is subject to restriction under Delaware law and compliance with our stated dividend payment policy and strategy; and
- we may fail to receive upstream dividend payments from our subsidiaries in the same amount that we have historically, and the ability of our subsidiaries to do so is subject to various risks and uncertainties described herein and in Note 9—Shareholders' Equity—Dividends and Distributions in the Notes to Consolidated Financial Statements.

We may incur substantial and/or unexpected transaction fees and merger-related costs in connection with the proposed Essential merger.

We expect to incur substantial non-recurring expenses associated with completing the proposed Essential merger, as well as expenses related to combining the operations of the two companies. For the year ended December 31, 2025, we incurred $13 million of merger-related costs. We estimate $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger. The

combined company may also incur additional unanticipated costs in or associated with the integration of the companies' businesses. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset some or all of the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Current shareholders will have reduced ownership and voting interests after the proposed Essential merger.

Parent company has reserved for issuance shares of its common stock to be issued in the proposed Essential merger (including shares of parent company common stock issuable pursuant to the proposed treatment of Essential stock options and other equity-based awards in the proposed merger). As of December 31, 2025, parent company shareholders and Essential's shareholders would own an estimated 69% and 31% of the outstanding shares of parent company common stock, respectively, on a fully diluted basis immediately following the consummation of the proposed merger. If the proposed merger occurs, each holder of parent company common stock will remain a shareholder of parent company but with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of ownership immediately prior to the proposed merger. As a result of this reduced ownership percentage, parent company shareholders will have less voting power in the combined company than they now have with respect to parent company.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, those of other shareholders.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, their interests as our shareholders. These interests include that the 10 members of our Board of Directors as of immediately prior to the effective time will remain on our Board of Directors immediately following the completion of the merger, Karl F. Kurz, the Board Chair with respect to our Board of Directors (or the individual serving in such position immediately prior to the effective time) will continue to serve in such position, Mr. Griffith, as President and Chief Executive Officer of American Water (or the individual serving in such position immediately prior to the effective time), will continue to serve in such position, and the individuals serving in executive vice president and senior executive positions of parent company who report to the President and Chief Executive Officer of parent company immediately prior to the effective time, will continue in such positions until the earlier of such individual's resignation or removal.

Completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party, which may have an adverse impact on the combined company's business and results of operations.

The completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party. If we and Essential are unable to negotiate waivers of those provisions or otherwise amend the terms of such agreements, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if we and Essential are able to negotiate waivers or amend the terms of such agreements, the counterparties may require a fee for such waivers or amendments or renegotiate the agreements on terms less favorable to us, Essential, or the combined company. Any of the foregoing or similar developments may have an adverse impact on the combined company's business, results of operations, financial condition, and cash flows.

The future results and market value of the combined company may be adversely impacted if the combined company does not effectively manage its expanded operations following the completion of the merger or the combined company fails to successfully execute its business strategy and objectives.

Following the completion of the Essential merger, the size of the combined company's business will be significantly larger than the current size of either our or Essential's respective businesses. The combined

company's ability to successfully manage this expanded business will depend, in part, upon management's ability to design and implement operational, managerial, financial and strategic initiatives that address not only the integration of two independent standalone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity.

In addition, the success of the Essential merger will depend, in part, on the ability of the combined company to successfully execute its business strategy. If the combined company is not able to achieve its business strategy on a timely basis, or otherwise fails to perform in accordance with the expectations of the parties, the anticipated benefits of the merger may not be realized fully or at all, and the merger may materially adversely affect the results of operations, financial condition and prospects of the combined company, and, consequently, the market value of the combined company's common stock.

The proposed Essential merger will combine companies that are affected by developments in the water and wastewater utility industries and, additionally, with respect to Essential, the natural gas industry, including changes in regulation. Any failure to adapt to changing regulatory environments after the completion of the merger could adversely affect the stability of the combined company's earnings.

Because we and Essential, and each of their respective subsidiaries, are significantly regulated in the United States, the two companies have been and will continue to be affected by U.S. federal, state and local legislative, political and regulatory developments. After the merger is completed, the combined company and/or its subsidiaries will be subject to extensive regulation in the states in which the combined company will operate. The costs and burdens associated with complying with these regulations may have an adverse effect on the combined company. Moreover, potential legislative, political or regulatory changes, or other similar changes, may create greater risks to the stability of the combined company's revenue, income and earnings generally.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2025, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling approximately $7.9 billion, of which $1.1 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or

price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements, geography, and the proposed business combination with Essential. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees, members of our Board of Directors and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. Our Insider Trading and Prohibited Transactions Policy also requires employees, members of our Board of Directors and contractors to comply with applicable insider trading requirements and to not engage in specified types of financial transactions (such as hedging, pledging, margin and "short sale" transactions) with respect to our common stock. All employees are required to complete training on and review the Code of Ethics and the Insider Trading Policy on an annual basis, and violations of the Code of Ethics and the Insider Trading Policy could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in unlawful insider trading, conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics, our Insider Trading Policy, and our other policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "Zero Trust" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We have been, and may in the future be, subject to physical and cyber attacks, *and* —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify, escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Information Systems Security Professionals from the International Information Systems Security Certification Consortium. The CISO serves on several working groups within the Water Information Sharing & Analysis Center and across the water industry. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's cybersecurity unit conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2025, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry

trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework based on industry standards and designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 170 wastewater treatment plants;
- 55,000 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;
- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 49% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 18, 2026, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more**.**

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water

Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's utility tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

During the fourth quarter of 2025, the MPWMD filed an application with the SWRCB seeking to modify the 2009 Order and the 2016 Order to rescind a condition included therein that prohibits (i) new service connections and (ii) increased water use at existing service connections resulting from a change in zoning or use, throughout Cal Am's Monterey service territory. The MPWMD's stated rationale for seeking to rescind this condition is a lack of threatened violation for the foreseeable future given a sufficient water supply to serve demand, and the current prohibitions restrict local housing construction needed to meet state affordable housing mandates. On December 19, 2025, Cal Am filed a response, requesting that the SWRCB deny the application or hold it in abeyance to permit Cal Am to meet with appropriate stakeholders and to develop a proposal for relief from the prohibitions.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and

intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and in March 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project. On August 14, 2025, the CPUC approved a final decision, which was updated on October 9, 2025, finding that, as to the supply and demand estimates for the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year as of 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. The CPUC has not yet ruled on these motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in accordance with the CPUC's prior decisions. See Note 16—Commitments and Contingencies in the Notes to the Consolidated

Financial Statements for further discussion. Subject to the impacts, outcomes or resolution of applicable litigation and other proceedings, construction of the desalination plant for the Water Supply Project is expected to begin in 2026, and the desalination plant is currently anticipated to be in service by the end of 2029.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, MCWD, MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. In April 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. After trial and subsequent proceedings ending in the first quarter of 2025, on May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed. This matter remains pending.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be

approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2027. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as

well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. Trial commenced on November 12, 2025, and is expected to continue into the first quarter of 2026.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's board in September 2024. Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. In June 2024, MCWD filed a motion for judgment on the pleadings. In December 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. In February 2024, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate, and the MPDMD filed a notice of cross-appeal. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, the MPWMD notified Cal Am in October 2022 of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded shortly thereafter, denying the request for access, and stating that the MPWMD does not have the right to appraise Cal

Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. In February 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. In November 2024, the court issued a ruling denying Cal Am's motion to dismiss, and Cal Am filed its answer to the complaint in December 2024. On August 20, 2025, Cal Am filed a motion for summary judgment as to the MPWMD's condemnation action, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with its condemnation action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability for the settlement will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026 for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a

partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On November 14, 2025, the Plaintiffs in the *Ruffin* and *Toliver* lawsuits jointly filed a motion for class certification. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for

the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

During 2025, the Company was made aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims that had been asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 9, 2026, there were 195,208,666 shares of common stock outstanding held by approximately 1,773 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2025.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Annual Report on Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Annual Report on Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Annual Report on Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.6 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Annual Report on Form 10-K within "Other." See Item 1—Business for additional information.

Financial Results

The following table provides the Company's diluted earnings per share (GAAP) and adjusted diluted earnings per share (a non-GAAP measure):

	For the Years Ended December 31,		
	2025	2024	2023
Diluted earnings per share (GAAP):			
Net income attributable to shareholders	$ 5.69	$ 5.39	$ 4.90
Non-GAAP adjustments:			
Estimated impact of favorable weather	—	(0.16)	(0.17)
Income tax impact	—	0.04	0.04
Net non-GAAP adjustment	—	(0.12)	(0.13)
Incremental interest income from amended HOS seller note	(0.13)	(0.12)	—
Income tax impact	0.03	0.03	—
Net non-GAAP adjustment	(0.10)	(0.09)	—
Transaction costs associated with the pending merger with Essential	0.07	—	—
Income tax impact	(0.02)	—	—

	For the Years Ended December 31,		
	2025	2024	2023
Net non-GAAP adjustment	0.05	—	—
Total net adjustments	(0.05)	(0.21)	(0.13)
Adjusted diluted earnings per share (non-GAAP)	$ 5.64	$ 5.18	$ 4.77

For the year ended December 31, 2025, diluted earnings per share (GAAP) was $5.69, an increase of $0.30 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.64 for the year ended December 31, 2025, an increase of $0.46 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

For the year ended December 31, 2024, diluted earnings per share (GAAP) was $5.39, an increase of $0.49 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.18 for the year ended December 31, 2024, an increase of $0.41 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

Adjustments to GAAP

Adjusted diluted earnings per share represents a non-GAAP financial measure and, as shown in the table above, is calculated as GAAP diluted earnings per share, excluding the impact of one or more of the following events: (i) estimated impact of weather; (ii) incremental interest income from the February 2, 2024 amendment to the HOS secured seller promissory note, which increased the aggregate principal amount from $720 million to $795 million and increased the interest rate from 7.00% per year to 10.00% per year; and (iii) transaction costs incurred during 2025 associated with the proposed merger with Essential. The most directly comparable GAAP measure for adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in the table above.

The Company believes that this non-GAAP measure provides investors with useful information by excluding certain matters that may not be indicative of its ongoing operating results (or, in the case of weather, that is outside the Company's operational control and is subject to significant period-to-period variability), and that providing this non-GAAP measure will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the Company's results of operations and without the estimated impact of weather. Although management uses this non-GAAP financial measure internally to evaluate its results of operations, the Company does not intend results reflected by this non-GAAP measure to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. This non-GAAP financial measure is derived from the Company's consolidated financial information but is not presented in the financial statements prepared in accordance with GAAP. This measure should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. In addition, this non-GAAP financial measure as defined and used above, may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, may have significant limitations on its use.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2025, the Company invested $3.2 billion, in the Regulated Businesses, as discussed below:

- $3.2 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $83 million to fund acquisitions in the Regulated Businesses, which added approximately 20,900 customers during 2025. This includes the Company's acquisitions effective May 28, 2025, and October 27, 2025, of all the outstanding capital stock of Audubon Water Company and Appalachian Utilities Inc., respectively, for aggregate consideration of $11 million, in the form of shares of parent company common stock.
- Approximately 18,900 new customers were added through organic growth in existing systems.

The Company expects to invest between $19 billion to $20 billion over the next five years, and between $46 billion to $48 billion over the next 10 years, including $3.7 billion in 2026. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $17 billion to $17.5 billion over the next five years, and between $42 billion to $43 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $2 billion to $2.5 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 70%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 5%; system expansion 4%; other 3%.

Excluding the Essential Merger Agreement, as of December 31, 2025, the Company had entered into 20 agreements with a total aggregate purchase price of $582 million for pending acquisitions in the Regulated Businesses to add approximately 104,300 additional customers.

Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into the Essential Merger Agreement to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable PUCs on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the

failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger-related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations. Including the costs incurred for the year ended December 31, 2025, the Company estimates a total of $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger.

Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before August 2026.

Other Matters

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to an MDL lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and

manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated their intent to extend the compliance deadline to 2031, under the current rule, utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

On October 30, 2024, the EPA published the LCRI with a “Compliance Date” of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes (“EADIT”) that are generally offset in income tax expense.

(In millions)	**Effective Date**	**Amount**
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of

the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the CPUC granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on

December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

(In millions)	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest Income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make

operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 4,723	$ 4,296	$ 3,920
Operation and maintenance	1,642	1,517	1,441
Depreciation and amortization	883	772	693
General taxes	325	301	288
Other operating (income) expense	—	—	(1)
Other income (expense)	(415)	(339)	(269)
Provision for income taxes	321	302	259
Net income attributable to common shareholders	$ 1,137	$ 1,065	$ 971

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Water services:			
Residential	$ 2,557	$ 2,349	$ 2,143
Commercial	981	885	798
Fire service	189	164	158
Industrial	195	184	167
Public and other	311	291	274
Total water services	4,233	3,873	3,540
Wastewater services:			
Residential	287	245	228
Commercial	86	70	62
Industrial	10	12	8
Public and other	39	36	29
Total wastewater services	422	363	327
Other (a)	68	60	53
Total operating revenues	$ 4,723	$ 4,296	$ 3,920

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Years Ended December 31, 2025	2024	2023
Billed water services volumes:			
Residential	161,270	163,583	160,921
Commercial	80,864	80,385	78,404
Industrial	36,703	37,217	36,404
Fire service, public and other	54,405	54,700	54,236
Total billed water services volumes	333,242	335,885	329,965

In 2025, as compared to 2024, operating revenues increased $427 million, primarily due to a $406 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $49 million from water and wastewater acquisitions, as well as organic growth in existing systems. These increases were partially offset by an estimated $36 million decrease in 2025, due to warmer, drier weather compared to normal in 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Employee-related costs	$ 582	$ 543	$ 513
Production costs	483	458	438
Operating supplies and services	306	274	255
Maintenance materials and supplies	104	97	102
Customer billing and accounting	92	72	65
Other	75	73	68
Total operation and maintenance expense	$ 1,642	$ 1,517	$ 1,441

Employee-Related Costs

(In millions)	For the Years Ended December 31, 2025	2024	2023
Salaries and wages	$ 468	$ 434	$ 413
Group insurance	73	69	60
Pensions	5	7	9
Other benefits	36	33	31
Total employee-related costs	$ 582	$ 543	$ 513

In 2025, as compared to 2024, employee-related costs increased $39 million primarily due to an increase in salaries and wages due to higher employee headcount to support growth of the business and merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

(In millions)	For the Years Ended December 31, 2025	2024	2023
Purchased water	$ 189	$ 180	$ 161
Purchased power	130	112	108
Chemicals	106	107	105
Waste disposal	58	59	64
Total production costs	$ 483	$ 458	$ 438

In 2025, as compared to 2024, production costs increased $25 million primarily from higher purchased power costs and higher purchased water costs and usage.

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $32 million primarily from higher technology related costs, higher contracted services and increased maintenance and service costs on buildings.

Customer Billing and Accounting

In 2025, as compared to 2024, customer billing and accounting increased $20 million primarily due to an increase in customer uncollectible expense.

Depreciation and Amortization

In 2025, as compared to 2024, depreciation and amortization increased $111 million primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

In 2025, as compared to 2024, general taxes increased $24 million primarily due to New Jersey Gross Receipts Tax, incremental property taxes and higher capital stock taxes.

Other Income (Expense)

In 2025, as compared to 2024, other expenses increased $76 million primarily due to higher interest expense from the issuance of incremental long-term debt. Other expenses also increased due to higher net periodic pension costs. These increases were partially offset by an increase in AFUDC in 2025.

Provision for Income Taxes

In 2025, as compared to 2024, the Regulated Businesses' provision for income taxes increased $19 million. The Regulated Businesses' effective income tax rate was 22.0% and 22.1% for the years ended December 31, 2025 and 2024, respectively.

Other

Presented in the table below is information for Other:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Operating revenues	$ 417	$ 388	$ 314
Operation and maintenance	377	341	279
Depreciation and amortization	11	16	11
General taxes	23	19	19
Interest expense	(141)	(107)	(96)
Interest income	85	77	45
Other income	14	10	12
Provision for (benefit from) income taxes	(10)	6	(7)
Net loss attributable to common shareholders	$ (26)	$ (14)	$ (27)

Operating Revenues

In 2025, as compared to 2024, operating revenues increased $29 million from an increase in capital projects to provide water and wastewater services to military installations and municipal customers.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Operating supplies and services	$ 234	$ 195	$ 150
Maintenance materials and supplies	22	27	29
Employee-related costs	105	101	85
Production costs	11	10	9
Other	5	8	6
Total operation and maintenance expense	$ 377	$ 341	$ 279

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $39 million primarily due to increased costs associated with projects to provide water and wastewater services to military installations and municipal customers and $13 million of merger-related costs from the Essential Merger Agreement.

Interest Expense

In 2025, as compared to 2024, interest expense increased $34 million primarily due to higher average commercial paper borrowings.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation

exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and/or is effective as of February 18, 2026:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the SCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and became effective on August 28, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS, all of which were received as of February 13, 2026. See Note 5—Mergers, Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million. As of December 31, 2025, AWCC had no outstanding borrowings and $84 million of outstanding letters of credit under its revolving credit facility, with $1.1 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Net income	$ 1,111	$ 1,051	$ 944
Add (less):			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Other non-cash activities (a)	19	62	(9)
Changes in assets and liabilities (b)	(51)	40	76
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Net cash provided by operating activities	$ 2,059	$ 2,045	$ 1,874

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.
(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2025, cash flows provided by operating activities increased $14 million, primarily due to an increase in net income and depreciation, partially offset by the payment of CAMT liability, utilization of income tax receivables in the prior year and higher customer receivables and unbilled revenues in the current period.

The Company expects to make pension contributions to the plan trusts of $44 million in 2026. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Capital expenditures	$ (3,126)	$ (2,856)	$ (2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	$ (3,309)	$ (3,379)	$ (2,815)

In 2025, cash flows used in investing activities decreased $70 million primarily as a result of decreased payments for acquisitions, partially offset by increased payments for capital expenditures in 2025. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's

projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Transmission and distribution	$ 1,023	$ 882	$ 922
Treatment and pumping	438	305	322
Services, meter and fire hydrants	833	805	652
General structure and equipment	416	425	333
Sources of supply	121	163	88
Wastewater	295	276	258
Total capital expenditures	$ 3,126	$ 2,856	$ 2,575

In 2025, the Company's capital expenditures increased $270 million due to an increase across most infrastructure categories.

The Company also grows its business through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During 2025, the Company paid $71 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 18 acquisitions of various regulated water and wastewater systems during 2025, which added approximately 20,900 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $19 billion to $20 billion, with $17 billion to $17.5 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $46 billion to $48 billion over the next 10 years. In 2026, the Company expects to invest $3.7 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Proceeds from long-term debt, net of discount	$ 1,781	$ 1,437	$ 1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other financing activities, net (a)	73	47	62
Net cash provided by financing activities	$ 1,249	$ 1,110	$ 1,188

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2025, cash flows provided by financing activities increased $139 million, primarily due to higher issuances of long-term debt and higher short-term commercial paper borrowings in the current year. These increases were partially offset by higher repayments of long-term debt and dividend payments in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $10.7 billion. Additionally, as of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $4.0 billion.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. See Note 11—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of “A-” or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2025 and 2024, $1.7 billion and $1.4 billion, respectively, of debt securities were issued under this registration statement. During 2025, under this registration statement, parent company entered into the Forward Sale Agreements with an aggregate of 8,098,592 shares of its common stock at an initial forward price of $139.657 per share for an estimated aggregate net proceeds of approximately $1,131 million. During 2023, under a predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC (a)	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain

intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

	2024		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 3.89% and 4.65%, for the years ended December 31, 2025 and 2024, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2025	2024	2023
Total common shareholders' equity	40.6%	42.4%	44.2%
Long-term debt and redeemable preferred stock at redemption value	47.9%	51.4%	52.9%
Short-term debt and current portion of long-term debt	11.5%	6.2%	2.9%
Total	100%	100%	100%

The change in the capital structure mix in 2025 was mainly attributable to the increase in short-term commercial paper borrowings and the increase in long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2025, the Company's ratio was 0.59 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 18, 2026, as issued by Moody's Ratings on January 29, 2026, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any

other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2025, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2025 and 2024, the Company's regulatory asset balance was $1.2 billion, and its regulatory liability balance was $1.4 billion. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant

information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2025 and 2024, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.
- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for

the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.

- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality— Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.54%, 5.70% and 5.18% at December 31, 2025, 2024 and 2023, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.46%, 5.69% and 5.22% at December 31, 2025, 2024 and 2023, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.63% for 2025, 6.73% for 2024 and 6.79% for 2023. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2025, 5.00% for 2024 and 5.00% for 2023.

Presented in the table below are the allocations of the pension plan assets by asset category:

Asset Category	2026 Target Allocation	Percentage of Plan Assets as of December 31,	
		2025	2024
Equity securities	38%	45%	44%
Fixed income	62%	55%	56%
Total	100%	100%	100%

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

Asset Category	2026 Target Allocation (a)	Percentage of Plan Assets as of December 31,	
		2025	2024
Equity securities	27%	35%	34%
Fixed income	73%	65%	66%
Total	100%	100%	100%

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities,

guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.45% for 2025 and 3.51% for both 2024 and 2023.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2025, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2025, the Company projects that medical inflation will be 7.00% in 2026 gradually declining to 5.00% in 2032 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.54% and 6.63%, respectively, for estimating its 2026 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.46% and 5.00%, respectively, for estimating its 2026 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2025 pension and postretirement total net benefit cost was $1 million and the 2024 pension and postretirement total net benefit credit was $3 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2026; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2025 and 2024 was $249 million and $219 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers

simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2025 and 2024, was $184 million and $96 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2025, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2025 would result in an increased annual interest expense of approximately $12 million.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and

have an average fixed rate of 4.47%. When entering into treasury locks, the Company is subject to market risk with respect to changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2025, was in a gain position of $2 million. A hypothetical 1% adverse change in interest rates would result in a decrease in the fair value of the treasury locks to a loss position of approximately $21 million at December 31, 2025.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting

includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,154 million and $1,440 million, respectively, as of December 31, 2025. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting

and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 37,955	$ 35,059
Accumulated depreciation	(7,379)	(7,021)
Property, plant and equipment, net	30,576	28,038
Current assets:		
Cash and cash equivalents	98	96
Restricted funds	21	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	395	416
Income tax receivable	9	25
Unbilled revenues	433	315
Materials and supplies	112	103
Secured seller promissory note from the sale of the Homeowner Services Group	795	—
Other	328	231
Total current assets	2,191	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,132	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Operating lease right-of-use assets	85	89
Goodwill	1,156	1,144
Other	302	399
Total regulatory and other long-term assets	2,675	3,577
Total assets	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,605,170 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,642	8,598
Retained earnings	2,575	2,112
Accumulated other comprehensive income	6	12
Treasury stock, at cost (5,428,008 and 5,451,216 shares, respectively)	(388)	(392)
Total common shareholders' equity	10,837	10,332
Long-term debt	12,777	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,780	12,521
Total capitalization	23,617	22,853
Current liabilities:		
Short-term debt	1,588	879
Current portion of long-term debt	1,479	637
Accounts payable	378	346
Accrued liabilities	830	791
Accrued taxes	134	156
Accrued interest	140	111
Other	198	230
Total current liabilities	4,747	3,150
Regulatory and other long-term liabilities:		
Advances for construction	435	383
Deferred income taxes and investment tax credits	3,190	2,881
Regulatory liabilities	1,416	1,416
Operating lease liabilities	74	76
Accrued pension expense	167	217
Other	166	277
Total regulatory and other long-term liabilities	5,448	5,250
Contributions in aid of construction	1,630	1,577
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2025	2024	2023
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Weighted average common shares outstanding:			
Basic	195	195	193
Diluted	195	195	193

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Other comprehensive (loss) income, net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $0 and $(2) in 2025, 2024 and 2023, respectively	—	1	(3)
Defined benefit pension plan amortization of actuarial loss, net of tax of $0 in 2025, 2024 and 2023	1	—	4
Unrealized (loss) gain on cash flow hedges, net of tax of $(2), $9 and $0 in 2025, 2024 and 2023, respectively	(4)	39	(8)
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $(1), $0, $0 in 2025, 2024 and 2023, respectively	(3)	(2)	4
Net other comprehensive (loss) income	(6)	38	(3)
Comprehensive income attributable to common shareholders	$ 1,105	$ 1,089	$ 941

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,111	$ 1,051	$ 944
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Provision for losses on accounts receivable	48	31	24
Pension and non-pension postretirement benefits	1	(3)	(6)
Other non-cash, net	(30)	34	(27)
Changes in assets and liabilities:			
Receivables and unbilled revenues	(145)	(107)	(56)
Income tax receivable	16	61	28
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Accounts payable and accrued liabilities	97	111	70
Accrued taxes	(30)	92	21
Other assets and liabilities, net	11	(117)	13
Net cash provided by operating activities	2,059	2,045	1,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(3,126)	(2,856)	(2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	(3,309)	(3,379)	(2,815)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,781	1,437	1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Advances and contributions in aid of construction, net of refunds of $31, $33 and $25 in 2025, 2024 and 2023, respectively	67	39	60
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other, net	6	8	2
Net cash provided by financing activities	1,249	1,110	1,188
Net (decrease) increase in cash, cash equivalents and restricted funds	(1)	(224)	247
Cash, cash equivalents and restricted funds at beginning of period	140	364	117
Cash, cash equivalents and restricted funds at end of period	$ 139	$ 140	$ 364
Cash paid during the year for:			
Interest, net of capitalized amount	$ 568	$ 483	$ 445
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 350	$ 347	$ 399
Acquisition financed by treasury stock	$ 11	$ —	$ —
Non-cash financing activity:			
Settlements of long-term debt	$ 27	$ —	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Changes in Shareholders' Equity

(In millions, except per share data)

	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value				Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	1,111	—	—	—	1,111
Common stock issuances (a)	0.2	—	44	—	—	—	(6)	38
Acquisitions via treasury stock	—	—	—	—	—	0.1	10	10
Net other comprehensive loss	—	—	—	—	(6)	—	—	(6)
Dividends ($3.31 declared per common share)	—	—	—	(648)	—	—	—	(648)
Balance as of December 31, 2025	200.6	$ 2	$ 8,642	$ 2,575	$ 6	(5.4)	$ (388)	$ 10,837

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies

Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $435 million and $398 million as of December 31, 2025 and 2024, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2025	2024
Cash and cash equivalents	$ 98	$ 96
Restricted funds	21	29
Restricted funds included in other long-term assets	20	15
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 139	$ 140

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of

the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note was accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note was accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted

periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8—Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform utility tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2025 and 2024, on the Consolidated Balance Sheets are estimated refunds of $25 million and $21 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $50 million, $46 million and $40 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water

and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the revenue recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2025	2024	2023
Allowance for other funds used during construction	$ 42	$ 38	$ 41
Allowance for borrowed funds used during construction	26	21	24

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Retrospective	The Company adopted the standard as of December 31, 2025, including a recast of 2024 and 2023 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 14—Income Taxes for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2025, recently issued accounting standards not presented below were determined to be not applicable, or not material, to the Company:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting periods within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met:	Annual periods beginning after December 15, 2027 and interim	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
	(i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	reporting periods within those annual reporting periods		
Accounting for Government Grants Received by Business Entities	Introduces authoritative GAAP guidance for accounting and disclosure of government grants received by business entities, addressing the previous lack of specific guidance and reducing diversity in practice. The standard requires grants to be recognized when compliance with conditions is probable and receipt is likely, and allows presentation either as deferred income or as a reduction of related costs.	Annual periods beginning after December 15, 2028 and interim reporting periods within those annual reporting periods	Modified prospective, modified retrospective, or retrospective applications are permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of

the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On

September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from

February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2025, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2025	2024
Removal costs recoverable through rates	$ 323	$ 356
Deferred pension expense	276	318
Customer lead line replacements	80	86
Unamortized debt expense	84	84
Regulatory balancing accounts	65	71
Programmed maintenance expense	60	57
Purchase premium recoverable through rates	49	50
Other	195	128
Total (non-current) regulatory assets	1,132	1,150
Current regulatory assets (a)	22	19
Total regulatory assets	$ 1,154	$ 1,169

(a) Current regulatory assets are included in other current assets on the Consolidated Balance Sheets.

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $261 million and $304 million as of December 31, 2025 and 2024, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Other regulatory assets include depreciation related costs, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, service enhancement costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2025	2024
Income taxes recovered through rates	$ 959	$ 1,016
Removal costs recovered through rates	248	245
PFAS Multi-district litigation settlements	91	—
Postretirement benefit liability	43	71
Other	75	84
Total (non-current) regulatory liabilities	1,416	1,416
Current regulatory liabilities (a)	24	—
Total regulatory liabilities	$ 1,440	$ 1,416

(a) Current regulatory liabilities, which as of December 31, 2025, primarily consisted of PFAS Multi-district litigation settlements, are included in other current liabilities on the Consolidated Balance Sheets.

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

PFAS Multi-district litigation settlements represent payments from litigation related to certain per- and polyfluoroalkyl substances (collectively, "PFAS") the Company has received that the Company intends to pass back to customers, subject to regulatory approval from the PUCs. See Note 16—Commitments and Contingencies for additional information.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,557	$ —	$ 2,557
Commercial	981	—	981
Fire service	189	—	189
Industrial	195	—	195
Public and other	311	—	311
Total water services	4,233	—	4,233
Wastewater services:			
Residential	287	—	287
Commercial	86	—	86
Industrial	10	—	10
Public and other	39	—	39
Total wastewater services	422	—	422
Miscellaneous utility charges	49	—	49
Alternative revenue programs	—	12	12
Lease contract revenue	—	7	7
Total Regulated Businesses	4,704	19	4,723
Other	417	—	417
Total operating revenues	$ 5,121	$ 19	$ 5,140

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $171 million, $84 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract assets of $5 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023. There were $175 million of contract assets added during 2025, and $122 million of contract assets were transferred to accounts receivable during 2025. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024.

Contract liabilities of $19 million, $40 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract liabilities of

$19 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023. There were $88 million of contract liabilities added during 2025, and $104 million of contract liabilities were recognized as revenue during 2025. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2025, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2031 and 2038 and have RPOs of $508 million as of December 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Mergers, Acquisitions and Divestitures

Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable public utility commissions on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations.

Acquisitions - Regulated Businesses

During 2025, the Company closed on 18 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $83 million, of which $81 million was funded in 2025, and which acquisitions added approximately 20,900 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,381 shares of parent company common stock, net of an indemnity escrow claim, and the Company's acquisition of Appalachian Utilities Inc. effective October 27, 2025, for a total consideration of $4 million, in the form of

25,159 shares of parent company common stock. Assets acquired from all 2025 acquisitions, principally utility plant, totaled $107 million and liabilities assumed totaled $36 million, including assumed debt of $12 million. The Company recorded goodwill of $12 million associated with six of its acquisitions, which is reported in the Company's Regulated Businesses segment. Eight of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, adding approximately 69,500 water and wastewater customers. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. The Company also recorded goodwill of $1 million. Seven of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021, the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note increased from 7.00% per year to 10.00% per year until maturity. As of December 31, 2025, this note was included as a current asset on the Consolidated Balance Sheets. The Company recognized $80 million, $77 million, and $50 million of interest income during the years ended December 31, 2025, 2024 and 2023, respectively, from this note. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note in full satisfaction of the Buyer's obligations thereunder.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2025	2024	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 317	$ 302		
Sources of supply	1,252	1,124	20 to 114 years	45 years
Treatment and pumping	5,093	4,786	2 to 119 years	40 years
Transmission and distribution	15,807	14,745	15 to 128 years	65 years
Services, meters and fire hydrants	7,046	6,356	2 to 109 years	28 years
General structures and equipment	3,116	2,813	2 to 109 years	16 years
Waste collection	2,124	1,986	5 to 145 years	52 years
Waste treatment, pumping and disposal	1,530	1,425	4 to 165 years	32 years
Construction work in progress	1,548	1,359		
Other plant	19	22	1 to 54 years	18 years
Total utility plant	37,852	34,918		
Nonutility property	103	141	3 to 50 years	16 years
Total property, plant and equipment	$ 37,955	$ 35,059		

Property, plant and equipment depreciation expense amounted to $776 million, $690 million and $617 million for the years ended December 31, 2025, 2024 and 2023, respectively, and was included in Depreciation and amortization expense in the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.82%, 2.73% and 2.68% for the years ended December 31, 2025, 2024 and 2023, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $350 million and $347 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In October 2025, the NJEDA issued to the Company the utilization certificate for the 2023 tax credits in the amount of $15 million. In December and January 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the Company recorded losses of $1 million, $2 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits to an external party. As of December 31, 2025, the Company had current assets of $15 million included in Other and $64 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2024 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2024, and expects to make the 2025 filing in April 2026, prior to the required filing deadline. The submitted filing is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2025	2024	2023
Balance as of January 1	$ (53)	$ (51)	$ (60)
Amounts charged to expense	(48)	(31)	(24)
Amounts written off	43	29	33
Balance as of December 31	$ (58)	$ (53)	$ (51)

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2025 and 2024:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2024	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$ 3,471	$ (2,332)	$ 113	$ (108)	$ 3,584	$ (2,440)	$ 1,144
Goodwill from acquisitions	12	—	—	—	12	—	12
Balance as of December 31, 2025	$ 3,483	$ (2,332)	$ 113	$ (108)	$ 3,596	$ (2,440)	$ 1,156

The Company completed its annual impairment testing of goodwill as of November 30, 2025, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2025.

In 2025, the Company acquired goodwill of $12 million associated with six of its acquisitions in the Regulated Businesses segment. In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment.

Note 9: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or

dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2025, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2025, 2024 or 2023. As of December 31, 2025, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2025, 2024 and 2023:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2023	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassification	—	—	—	(4)	1	(3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(4)	(3)	(6)
Ending balance as of December 31, 2025	$ (95)	$	$ 75	$ 26	$ (1)	$ 6

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2025, 2024 and 2023, the Company paid $633 million, $585 million and $532 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2025	2024	2023
December	$ 0.8275	$ 0.7650	$ 0.7075
September	$ 0.8275	$ 0.7650	$ 0.7075
June	$ 0.8275	$ 0.7650	$ 0.7075
March	$ 0.7650	$ 0.7075	$ 0.6550

On December 5, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share payable on March 3, 2026, to shareholders of record as of February 10, 2026.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017

Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2025, 5.7 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2025, 2024 and 2023 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2025, 2024 and 2023. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2025	2024	2023
RSUs and PSUs	$ 30	$ 34	$ 23
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	32	36	25
Income tax benefit	(7)	(8)	(6)
Stock-based compensation expense, net of tax	$ 25	$ 28	$ 19

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2025, 2024 and 2023.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2025, 2024 and 2023, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant

and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2025, 2024 and 2023, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Shares of common stock are currently distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $12 million, $10 million and $9 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	75	$ 131.20
Granted	95	129.42
Vested	(60)	133.39
Forfeited	(11)	127.01
Non-vested total as of December 31, 2025	99	$ 128.63

As of December 31, 2025, $6 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.62 years. The total fair value of stock units and RSUs vested was $8 million, $9 million and $6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

During 2025, 2024 and 2023, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $27 million, $23 million and $28 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	322	$ 130.04
Granted	211	128.59
Vested	(74)	147.45
Forfeited	(81)	106.41
Non-vested total as of December 31, 2025	378	$ 130.93

As of December 31, 2025, $8 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.85 years. The total fair value of PSUs vested was $26 million, $23 million and $31 million for the years ended December 31, 2025, 2024 and 2023, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company's common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2025	2024	2023
Expected volatility	23.25%	22.98%	25.45%
Risk-free interest rate	4.27%	4.39%	4.31%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$ 118.29	$ 118.95	$ 168.00

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2025, there were 1.3 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2025, 2024 and 2023, the Company issued approximately 84,000, 90,000 and 87,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2025	2024
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.24%	2026-2055	$ 12,961	$ 11,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	187
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.41%	2026-2061	717	761
Mortgage bonds—fixed rate	6.35%-9.19%	7.37%	2026-2039	435	456
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.23%		14,303	13,193
Unamortized debt discount, net (b)				(27)	(20)
Unamortized debt issuance costs				(17)	(15)
Less current portion of long-term debt				(1,479)	(637)
Total long-term debt				$ 12,780	$ 12,521

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $709 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2025.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00. In addition, the Company has $773 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.61%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2026	$ 1,479
2027	646
2028	869
2029	938
2030	517
Thereafter	9,854

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

The Company incurred debt issuance costs of $17 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only

upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A-" or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and

equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $1,590 million and $880 million as of December 31, 2025 and 2024, respectively, or net of discount $1,588 million and $879 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2025	2024
Average borrowings	$ 1,170	$ 161
Maximum borrowings outstanding	$ 1,595	$ 880
Weighted average interest rates, as of December 31	3.89%	4.65%

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2025	2024	2023
Gross receipts and franchise	$ 151	$ 140	$ 134
Property and capital stock	134	125	119
Payroll	43	41	38
Other general	20	14	16
Total general taxes	$ 348	$ 320	$ 307

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2025	2024	2023
Current income taxes:			
State	$ 25	$ 16	$ 16
Federal	151	136	28
Total current income taxes	$ 176	$ 152	$ 44
Deferred income taxes:			
State	$ 36	$ 53	$ 44
Federal	100	104	165
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	135	156	208
Provision for income taxes	$ 311	$ 308	$ 252

Presented in the table below is a reconciliation between the statutory federal tax rate and the Company's effective tax rate for the years ended December 31:

	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
U.S. federal statutory tax rate	$ 299	21.0%	$ 285	21.0%	$ 251	21.0%
State and local income taxes, net of federal income tax effect (a)	48	3.4%	54	4.0%	48	4.0%
Nontaxable or nondeductible items	5	0.4%	5	0.3%	4	0.3%
Change in unrecognized tax benefits	(8)	(0.6)%	2	0.2%	3	0.2%
Other adjustments:						
Excess accumulated deferred income taxes	(39)	(2.8)%	(37)	(2.7)%	(51)	(4.2)%
Other	6	0.5%	(1)	(0.1)%	(3)	(0.2)%
Effective tax rate	$ 311	21.9%	$ 308	22.7%	$ 252	21.1%

(a) The states that made up the majority (greater than 50 percent) of the tax effect in this category were: (i) for 2025, Pennsylvania and Illinois, (ii) for 2024, Pennsylvania and California, and (iii) for 2023, Pennsylvania and Illinois.

Presented in the table below is the disaggregation of income taxes paid (refunds received), net of refunds received of $29 million, $5 million and $30 million in 2025, 2024 and 2023, respectively, for the years ended December 31:

	2025	2024	2023
Federal	$ 185	$ —	$ 12
State	5	(5)	(12)
Total	$ 190	$ (5)	$ —

Income taxes paid (net of refunds received) exceeded 5% of total income taxes paid (net of refunds received) in the following states for the years ended December 31:

	2025	2024	2023
State:			
Iowa	*	$ (1)	*
Kentucky	*	$ (2)	*
Massachusetts	*	*	$ (2)
New Jersey	*	*	$ (23)
Pennsylvania	*	$ (1)	$ 13
Tennessee	*	*	$ 1

(*) Jurisdiction below the threshold for the period presented.

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2025	2024
Deferred tax assets:		
Advances and contributions	$ 519	$ 493
Tax losses and credits	215	128
Regulatory income tax assets	161	181
Pension and other postretirement benefits	31	64
Other	166	163
Total deferred tax assets	1,092	1,029
Valuation allowance	(9)	(8)
Total deferred tax assets, net of allowance	$ 1,083	$ 1,021
Deferred tax liabilities:		
Property, plant and equipment	$ 4,021	$ 3,553
Deferred pension and other postretirement benefits	75	86
Other	157	244
Total deferred tax liabilities	4,253	3,883
Total deferred tax liabilities, net of deferred tax assets	$ (3,170)	$ (2,862)

As of December 31, 2025 and 2024, the Company had state net operating loss ("NOL") carryforwards of $246 million and $251 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards generally expire in 2026 through 2045, however, certain states have adopted the federal provisions allowing for an unlimited carryforward period.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

The Inflation Reduction Act of 2022 (the "IRA") contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of December 31, 2025 and 2024, the Company had CAMT credit carryforwards of $200 million and $111 million, respectively. The deferred tax asset related to the CAMT credit carryforward will be realized to the extent the Company's deferred tax liabilities exceed the CAMT credit carryforward. The Company's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future, and therefore, no valuation allowance is required.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1,

2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2020 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2023	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203
Increases in current period tax positions	31
Decreases in prior period measurement of tax positions	(118)
Balance as of December 31, 2025	$ 116

If the Company sustains all of its positions as of December 31, 2025, excluding interest and penalties, there would be no impact on the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2025 and 2024.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2023	$ 11
Increases in valuation allowance	—
Balance as of December 31, 2023	$ 11
Decreases in valuation allowance	(3)
Balance as of December 31, 2024	$ 8
Increases in valuation allowance	1
Balance as of December 31, 2025	$ 9

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001, except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan

that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2025, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Cash	$ 23	$ 23	$ —	$ —	$ —	2%
Equity securities:						
U.S. large cap	158	40	—	—	118	11%
U.S. small cap	32	32	—	—	—	2%
International	299	—	—	—	299	21%
Real estate fund	122	—	—	—	122	9%
REITs	7	—	—	—	7	—%
Fixed income securities:						
U.S. Treasury securities and government bonds	257	194	13	—	50	19%
Corporate bonds	459	—	459	—	—	33%
Mortgage-backed securities	5	—	5	—	—	—%
Municipal bonds	18	—	18	—	—	1%
Guarantee annuity contracts	31	—	—	31	—	2%
Total	$ 1,411	$ 289	$ 495	$ 31	$ 596	100%

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3%
Equity securities:						
U.S. large cap	155	29	—	—	126	11%
U.S. small cap	34	34	—	—	—	2%
International	258	—	—	—	258	19%
Real estate fund	120	—	—	—	120	9%
REITs	6	—	—	—	6	—%
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17%
Corporate bonds	489	—	489	—	—	35%
Mortgage-backed securities	6	—	6	—	—	—%
Municipal bonds	20	—	20	—	—	2%
Guarantee annuity contracts	32	—	—	32	—	2%
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100%

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024, respectively.

The Company's 2026 target pension plan asset allocation is 38% equity securities and 62% fixed income securities. The Company's 2025 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Bargained VEBA:						
Cash	$ 5	$ 5	$ —	$ —	$ —	5%
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7%
Corporate bonds	85	—	85	—	—	85%
Municipal bonds	3	—	3	—	—	3%
Total bargained VEBA	$ 100	$ 12	$ 88	$ —	$ —	100%
Active VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	12%
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	8%
Corporate bonds	19	—	19	—	—	76%
Municipal bonds	1	—	1	—	—	4%
Total Active VEBA	$ 25	$ 5	$ 20	$ —	$ —	100%
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2%
Equity securities:						
U.S. large cap	46	46	—	—	—	35%
International	31	31	—	—	—	24%
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1%
Municipal bonds	50	—	50	—	—	38%
Total non-bargained VEBA	$ 131	$ 81	$ 50	$ —	$ —	100%
Total	$ 256	$ 98	$ 158	$ —	$ —	100%

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4%
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7%
Corporate bonds	83	—	83	—	—	86%
Municipal bonds	3	—	3	—	—	3%
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100%
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7%
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7%
Corporate bonds	23	—	23	—	—	82%
Municipal bonds	1	—	1	—	—	4%
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100%
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2%
Equity securities:						
U.S. large cap	46	46	—	—	—	36%
International	30	30	—	—	—	23%
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1%
Municipal bonds	48	—	48	—	—	38%
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100%
Total	$ 253	$ 95	$ 158	$ —	$ —	100%

The Company's 2026 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,560	$ 1,622	$ 225	$ 247
Service cost	15	17	2	2
Interest cost	87	83	12	12
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	35	(55)	3	(18)
Settlements	—	(2)	—	—
Gross benefits paid	(179)	(105)	(22)	(22)
Federal subsidy	—	—	1	1
Benefit obligation as of December 31,	$ 1,518	$ 1,560	$ 224	$ 225
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,392	$ 1,431	$ 253	$ 258
Actual return on plan assets	152	19	19	11
Employer contributions	46	49	3	3
Plan participants' contributions	—	—	3	3
Settlements	—	(2)	—	—
Benefits paid	(179)	(105)	(22)	(22)
Fair value of plan assets as of December 31,	$ 1,411	$ 1,392	$ 256	$ 253
Funded value as of December 31,	$ (107)	$ (168)	$ 32	$ 28
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 62	$ 51	$ 33	$ 29
Current liability	(2)	(2)	—	—
Noncurrent liability	(167)	(217)	(1)	(1)
Net amount recognized	$ (107)	$ (168)	$ 32	$ 28

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Net actuarial loss	$ 289	$ 337	$ 9	$ 13
Prior service credit	(2)	(5)	(52)	(84)
Net amount recognized	$ 287	$ 332	$(43)	$ (71)
Regulatory assets (liabilities)	$ 261	$ 304	$(43)	$ (71)
Accumulated other comprehensive income	26	28	—	—
Total	$ 287	$ 332	$(43)	$ (71)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Projected benefit obligation	$ 912	$ 916
Fair value of plan assets	743	697

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Accumulated benefit obligation	$ 849	$ 852
Fair value of plan assets	743	697

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2026 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2026 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2026	$ 119	$ 22	$ 1
2027	121	22	1
2028	121	21	1
2029	122	21	1
2030	122	20	—
2031-2035	590	88	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2025	2024	2023	2025	2024	2023
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.54%	5.70%	5.18%	5.46%	5.69%	5.22%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from 7.00% in 2026 to 5.00% in 2032+	graded from 6.50% in 2025 to 5.00% in 2031+	graded from 6.75% in 2024 to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Expected return on plan assets	6.63%	6.73%	6.79%	5.00%	5.00%	5.00%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from 6.50% in 2025 to 5.00% in 2031+	graded from 6.75% in 2024 to 5.00% in 2031+	graded from 7.00% in 2023 to 5.00% in 2031+

NOTE: “N/A” in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans’ expected cash flows by matching the plans’ cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans’ investment portfolios. Assumed projected rates of return for each of the plans’ projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company’s pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.63% to estimate its 2025 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2025 other postretirement benefit costs.

For the years ended December 31, 2025, 2024 and 2023, the Company’s mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2025	2024	2023
Components of net periodic pension benefit cost (credit):			
Service cost	$ 15	$ 17	$ 17
Interest cost	87	83	85
Expected return on plan assets	(90)	(94)	(94)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	21	22	13
Settlements	—	1	1
Net periodic pension benefit cost (credit)	$ 30	$ 26	$ 19
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ —	$ (1)	$ 3
Amortization of actuarial loss	(1)	—	(4)
Total recognized in other comprehensive income	(1)	(1)	(1)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 29	$ 25	$ 18
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 2
Interest cost	12	12	14
Expected return on plan assets	(12)	(12)	(12)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	—	2
Net periodic other postretirement benefit (credit) cost	$ (29)	$ (29)	$ (25)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $15 million and $14 million for 2025, 2024 and 2023, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $19 million, $18 million and $17 million for 2025, 2024 and 2023, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.5 billion as of December 31, 2025.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. The Company purchased $138 million, $129 million and $125 million of

water under these agreements during 2025, 2024 and 2023, respectively. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2026	$ 83
2027	77
2028	78
2029	79
2030	55
Thereafter	968

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2025, the Company has accrued approximately $8 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of expected insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend

upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas

distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by

Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's

extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and

the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2025	2024	2023
Numerator:			
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Denominator:			
Weighted average common shares outstanding—Basic	195	195	193
Effect of dilutive common stock equivalents	—	—	—
Effect of dilutive forward sale agreements	—	—	—
Weighted average common shares outstanding—Diluted	195	195	193

The effect of dilutive common stock equivalents is related to outstanding RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based awards were excluded from the computation of diluted EPS for the years ended December 31, 2025, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. There were less than one million shares related to the Forward Sale Agreements included in the computation of diluted EPS for the year ended December 31, 2025.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS was $795 million as of December 31, 2025 and 2024. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note, see Note 5—Mergers, Acquisitions and Divestitures for additional information. The accounting fair value measurement of the secured seller promissory note approximated $798 million and $793 million as of December 31, 2025 and 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note was classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2025				
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,256	11,653	1,065	616	13,334

	As of December 31, 2024				
	Carrying Amount	At Fair Value			
		Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	32	—	—	32
Deposits	124	—	—	124
Other investments:				
Money market and other	20	—	—	20
Fixed-income securities	28	7	—	35
Mark-to-market derivative asset	—	2	—	2
Total assets	245	9	—	254
Liabilities:				
Deferred compensation obligations	38	—	—	38
Total liabilities	38	—	—	38
Total assets	$ 207	$ 9	$ —	$ 216

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $20 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of December 31, 2025, the Company had current assets of $55 million included in Other and had no long-term assets on the Consolidated Balance Sheets for other investments measured and recorded at fair value. As of December 31, 2024, the Company had current assets of $71 million included in Other and $44 million of other long-term assets included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2025			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 36	$ —	$ 1	$ 35

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 6
1 year - 5 years	18
5 years - 10 years	4
Greater than 10 years	7
Total	$ 35

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, four years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $142 million and $143 million as of December 31, 2025 and 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2026 through 2030, and $33 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $13 million, $12 million and $11 million for the years ended December 31, 2025, 2024 and 2023, respectively.

For the years ended December 31, 2025, 2024 and 2023, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $12 million, $11 million, $11 million. For the years ended December 31, 2025, 2024 and 2023, ROU assets obtained in exchange for new operating lease liabilities were $8 million, $11 million, $11 million.

As of December 31, 2025, 2024 and 2023, the weighted-average remaining lease term of the operating leases were 18 years, 18 years, 17 years and the weighted-average discount rate of the operating leases was 5%, 5%, 4%.

The future maturities of lease liabilities at December 31, 2025, were $11 million in 2026, $11 million in 2027, $9 million in 2028, $8 million in 2029, $6 million in 2030 and $83 million thereafter. At December 31, 2025, imputed interest was $46 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,723	$ 417	$ 5,140
Less:			
Operation and maintenance (a)	1,642	377	2,019
Other segment items (b)	271	9	280
Depreciation and amortization	883	11	894
Interest expense	474	141	615
Interest income	(5)	(85)	(90)
Provision for (benefit from) income taxes	321	(10)	311
Net income (loss) attributable to common shareholders	$ 1,137	$ (26)	$ 1,111
Total assets	$ 32,649	$ 2,793	$ 35,442
Capital expenditures	$ 3,112	$ 14	$ 3,126

(a) Significant segment expense.
(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.
(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.
(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2025, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains its Insider Trading Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the Insider Trading Policy and the related practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of

Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
2.3#	Purchase and Sale Agreement, dated as of May 19, 2025, between American Water Works Company, Inc. and Nexus Regulated Utilities, LLC (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).

Exhibit Number	Exhibit Description
4.8	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.9	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.10	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.11	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.12	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.13	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.14	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.15	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.16	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.17	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.18	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.19	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.20	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.21	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.22	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).

Exhibit Number	Exhibit Description
4.23	Officers' Certificate, dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
4.24	Officers' Certificate, dated August 8, 2025, establishing the 5.700% Senior Notes due 2055 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (incorporated by reference to Exhibit 4.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).

Exhibit Number	Exhibit Description
10.4	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.5	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.6	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.7	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.8	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.9*	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.10*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.11*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.12*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.13*	Offer Letter for Employment, dated September 30, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 29, 2025).
10.14*	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Company, Inc. and Melanie Kennedy (incorporated by reference to Exhibit 10.13 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.15*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).

Exhibit Number	Exhibit Description
10.16*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.17.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.17.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19. 2019).
10.18*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.19.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.19.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.20*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.21.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.21.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.22.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.22.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).

Exhibit Number	Exhibit Description
10.22.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.5*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.6*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.10 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO) (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.10*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.22.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.22.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.22.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).

Exhibit Number	Exhibit Description
10.22.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.22.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.27 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.29 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.25*	Amendment to Form of 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (incorporated by reference to Exhibit 10.16.30 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).

Exhibit Number	Exhibit Description
10.22.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.30*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C—2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.10 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.22.33*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 30, 2025).
10.23*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.24*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.25.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.25.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.25.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).

Exhibit Number	Exhibit Description
10.25.4*	American Water Works Company, Inc. Amendment 2025-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated June 4, 2025 (filed herewith).
10.25.5*	American Water Works Company, Inc. Amendment 2025-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 10, 2025 (filed herewith).
10.26.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.26.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.26.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company' Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.27	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective December 9, 2025 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).

Exhibit Number	Exhibit Description
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

\# Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Agreement and Plan of Merger filed as Exhibit 2.2, the Purchase and Sale Agreement filed as Exhibit 2.3, and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.26.1, Exhibit 10.26.2 and Exhibit 10.26.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of February, 2026.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 18th day of February, 2026, by the following persons in the capacities indicated.

/s/ JOHN C. GRIFFITH	/s/ JEFFREY N. EDWARDS
John C. Griffith **President and Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ LISA A. GROW
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Lisa A. Grow** **(Director)**
/s/ MELISSA K. WIKLE	/s/ LAURIE P. HAVANEC
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Laurie P. Havanec** **(Director)**
/s/ JULIA L. JOHNSON	/s/ PATRICIA L. KAMPLING
Julia L. Johnson **(Director)**	**Patricia L. Kampling** **(Director)**
/s/ KARL F. KURZ	/s/ MICHAEL L. MARBERRY
Karl F. Kurz **(Board Chair)**	**Michael L. Marberry** **(Director)**
/s/ STUART M. McGUIGAN	/s/ RAFFIQ NATHOO
Stuart M. McGuigan **(Director)**	**Raffiq Nathoo** **(Director)**

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-285328 and 333-277166) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 18, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, John C. Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Griffith, President and Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
February 18, 2026

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 18, 2026

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1 Water Street
Camden, NJ 08102-1658

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 11, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Completion of Acquisition of Granite City Wastewater Treatment Plant

On March 11, 2024, Illinois-American Water Company ("Illinois American Water"), a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), completed the acquisition of a wastewater treatment plant and related assets from Granite City (the "Seller") for an aggregate purchase price of $86 million, pursuant to an Asset Purchase Agreement, dated April 6, 2023, as amended September 28, 2023. The Granite City wastewater treatment plant serves approximately 26,000 customers, including 15,500 customers indirectly in surrounding communities. The sale was approved by the Illinois Commerce Commission on January 31, 2024.

A copy of the press release issued by Illinois American Water on March 11, 2024, has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated March 11, 2024, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 11, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Completes Acquisition Of Granite City's Wastewater Treatment Facility

Acquisition Adds Approximately 26,000 Wastewater Customers In Company's Footprint

Granite City, Ill. – (March 11, 2024) – Illinois American Water, a subsidiary of American Water completed its acquisition of the assets of the wastewater treatment plant of Granite City for $86 million. The wastewater treatment plant serves approximately 26,000 customer connections, including approximately 10,500 direct and 15,500 indirect customers in surrounding communities. This transaction follows Illinois American Water's acquisition of the wastewater collection system of Granite City in 2020, where the company has been the water service provider for over 130 years.

"We thank the Granite City Council for its vote of confidence, and we look forward to growing our partnership with Granite City residents and businesses," said Illinois American Water President Rebecca Losli. "Our company and team of experienced employees are invested in the Granite City community and are well positioned to leverage our resources and expertise to address both their water and wastewater needs for years to come."

Granite City Mayor Mike Parkinson said a key reason for the sale is that Illinois American Water will upgrade the Granite City Wastewater Treatment Plant and is planning approximately $40 million in capital investments at the plant in the first five years of ownership.

"We support this agreement with Illinois American Water because it is in the best interests of the Granite City community, today and tomorrow," said Parkinson. "It will put our city's wastewater assets and operations into the highly capable hands of Illinois American Water, and we are also able to preserve and transition all jobs for the employees."

Mayor Parkinson added that proceeds from the sale would allow the city to invest in other critical, community needs.

"Municipalities through the country, and in Illinois, are looking at utilities like Illinois American Water for solutions on water and wastewater infrastructure needs," added Mayor Parkinson.

In the Metro East, in recent years, Illinois American Water has purchased the wastewater system assets of Alton, Godfrey, Grafton, Jerseyville and Shiloh.

The Granite City Council approved the Asset Purchase Agreement on Wednesday, April 5, 2023, and the Illinois Commerce Commission (ICC) approved the sale on Jan. 31, 2024.

Press Release

ILLINOIS AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.3 million people. American Water also operates a quality control and research laboratory in Belleville.

AWK-IR

Media Contact
Terry Mackin
Director, External Communications
Illinois American Water
Terry.mackin@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 1, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated May 1, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 1, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

May 1, 2024

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Senior Vice President, Communications and External Affairs
856-955-4163
maureen.duffy@amwater.com

AMERICAN WATER REPORTS SOLID FIRST QUARTER 2024 RESULTS

AFFIRMS 2024 EPS GUIDANCE AND LONG-TERM GROWTH TARGETS

- **First quarter 2024 earnings were $0.95 per share, compared to $0.91 per share in 2023; results as expected**
- **2024 earnings per share guidance range of $5.20 to $5.30 affirmed**
- **2024 capital investment plan of $3.1 billion on track; March closing of Granite City, IL, acquisition of $86 million**
- **Announced quarterly cash dividend of $0.7650 per share of common stock payable in June, an increase of 8.1%**
- **Completed 2024 financing; issued $1.4 billion of senior notes in February, $700 million of 5.150% due 2034 and $700 million of 5.450% due 2054**

CAMDEN, N.J., May 1, 2024 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended March 31, 2024, of $0.95 per share, compared to $0.91 per share for the same quarter in 2023.

“We are off to a solid start to 2024 as we continue to execute on our regulated strategy,” said M. Susan Hardwick, president and CEO of American Water. “Early in 2024 we completed our key financing objective with the successful $1.4 billion debt issuance, which helps fund our robust infrastructure investment program. These needed infrastructure investments include addressing the final PFAS rule, our on-going lead and copper replacement programs and making our own systems more resilient as we help communities address their water and wastewater challenges.”

2024 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2024 earnings per share guidance range of $5.20 to $5.30, which includes approximately $0.10 per share of increased interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group (“HOS”). The Company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three months ended March 31, 2024, earnings per share were $0.95 compared to $0.91 per share in the same period in 2023. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from its capital and acquisition investments, offset somewhat by increased production and employee related costs, higher financing costs to fund the capital investment plan, including the 2023 equity issuance, and $0.05 per share of net unfavorable one-time items year-over-year. Results for the three months ended March 31, 2024, include additional interest income of $0.02 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $720 million in the first three months of 2024, including $634 million for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $86 million for the closing of the wastewater treatment plant acquisition from Granite City, Illinois. The company plans to invest a total of approximately $3.1 billion across its footprint in 2024.

Regulated Businesses

In the first quarter of 2024, the Regulated Businesses' net income was $185 million, compared to $174 million for the same period in 2023.

Operating revenues increased $68 million for the three months ended March 31, 2024, as compared to 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $43 million from general rate cases. Further, $55 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective. The company has general rate cases in progress in eight jurisdictions and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $636 million.

Operation and maintenance ("O&M") expenses were higher by $21 million for the three months ended March 31, 2024, as compared to 2023, primarily due to increased production costs from increased fuel, power and chemicals costs, as well as increased employee related costs. Depreciation expense was higher by $15 million in the same period due to the growing capital investment.

Long-Term Debt Offering

On February 23, 2024, the company completed a $1.4 billion debt offering of $700 million aggregate principal amount of 5.150% senior notes due 2034 and $700 million aggregate principal amount of 5.450% senior notes due 2054. The proceeds from the offering were used primarily to find the company's capital investment program.

Dividends

On March 1, 2024, the Company paid a quarterly cash dividend of $0.7075 per share to shareholders of record as of February 8, 2024.

On May 1, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share of common stock, payable on June 3, 2024, to shareholders of record as of May 14, 2024, an increase of 8.1%.

2024 First Quarter Earnings Conference Call

The conference call to discuss first quarter 2024 earnings, 2024 earnings guidance, and long-term targets will take place on Thursday, May 2, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to

address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations, the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's Homeowner Services Group ("HOS"), including the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2024	2023
Operating revenues	$ 1,011	$ 938
Operating expenses:		
Operation and maintenance	416	393
Depreciation and amortization	188	172
General taxes	81	78
Total operating expenses, net	685	643
Operating income	326	295
Other (expense) income:		
Interest expense	(124)	(115)
Interest income	24	14
Non-operating benefit costs, net	9	9
Other, net	7	11
Total other (expense) income	(84)	(81)
Income before income taxes	242	214
Provision for income taxes	57	44
Net income attributable to common shareholders	$ 185	$ 170
Basic earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Diluted earnings per share:		
Net income attributable to common shareholders	$ 0.95	$ 0.91
Weighted-average common shares outstanding:		
Basic	195	186
Diluted	195	186

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 32,780	$ 32,189
Accumulated depreciation	(6,757)	(6,751)
Property, plant and equipment, net	26,023	25,438
Current assets:		
Cash and cash equivalents	584	330
Restricted funds	42	34
Accounts receivable, net of allowance for uncollectible accounts of $49 and $51, respectively	323	339
Income tax receivable	26	86
Unbilled revenues	316	302
Materials and supplies	115	112
Other	181	186
Total current assets	1,587	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,117	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	331	416
Total regulatory and other long-term assets	3,476	3,471
Total assets	$ 31,086	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,273,523 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,561	8,550
Retained earnings	1,844	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,007	9,797
Long-term debt	12,566	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,569	11,718
Total capitalization	22,576	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	557	475
Accounts payable	231	294
Accrued liabilities	636	791
Accrued taxes	89	67
Accrued interest	131	93
Other	213	252
Total current liabilities	1,857	2,151
Regulatory and other long-term liabilities:		
Advances for construction	367	352
Deferred income taxes and investment tax credits	2,742	2,717
Regulatory liabilities	1,460	1,481
Operating lease liabilities	78	73
Accrued pension expense	256	262
Other	195	196
Total regulatory and other long-term liabilities	5,098	5,081
Contributions in aid of construction	1,555	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,086	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 15, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.07. Submission of Matters to a Vote of Security Holders.

The 2024 Annual Meeting of Shareholders (the "2024 Annual Meeting") of American Water Works Company, Inc., a Delaware corporation (the "Company"), was held on May 15, 2024. An aggregate of 169,944,883 shares, or 87.2% of the Company's issued and outstanding common stock as of March 18, 2024, the record date for the 2024 Annual Meeting, was represented in person or by proxy at the 2024 Annual Meeting, constituting a quorum. The results of voting at the 2024 Annual Meeting on each of the matters submitted to a vote of the Company's shareholders thereat is as set forth below.

1. The following nine nominees were elected as directors of the Company for a term expiring at the 2025 Annual Meeting of Shareholders, and until their successors are duly elected and qualified, and received the votes set forth adjacent to their names below:

Director Nominee	For	Against	Abstain	Broker Non-Votes
Jeffrey N. Edwards	148,548,041	5,131,185	118,900	16,146,757
Martha Clark Goss	143,650,279	10,037,781	110,066	16,146,757
M. Susan Hardwick	152,921,881	762,274	113,971	16,146,757
Kimberly J. Harris	148,051,722	5,631,843	114,561	16,146,757
Laurie P. Havanec	152,655,628	872,509	269,989	16,146,757
Julia L. Johnson	144,718,064	8,958,562	121,500	16,146,757
Patricia L. Kampling	148,963,779	4,722,693	111,654	16,146,757
Karl F. Kurz	143,770,779	9,908,021	119,326	16,146,757
Michael L. Marberry	147,104,394	6,563,401	130,331	16,146,757

2. The shareholders approved, on an advisory basis, the compensation of the Company's named executive officers by the following vote:

For	Against	Abstain	Broker Non-Votes
134,276,377	19,227,434	294,315	16,146,757

3. The ratification of the appointment, by the Audit, Finance and Risk Committee of the Board of Directors, of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2024, was approved by the following vote:

For	Against	Abstain
150,381,103	19,352,427	211,353

Item 8.01. Other Events.

Kentucky-American Water Company ("Kentucky American Water") Files with the Kentucky Public Service Commission (the "KPSC") a Petition for Rehearing of the KPSC's Order Issued on May 3, 2024

On May 16, 2024, Kentucky American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the KPSC a petition for rehearing of the KPSC's order issued on May 3, 2024 (the "Order"), which approved a water base rate adjustment request filed by Kentucky American Water on June 30, 2023. The petition for rehearing seeks clarification and/or correction of certain computational inconsistencies that Kentucky American Water believes are reflected in the Order with respect to the authorized amount of annualized water revenues to be received by Kentucky American Water. Consideration of the petition filed by Kentucky American Water by the KPSC is the next step in the process. The timing of any action by the KPSC cannot be predicted at this time.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will,"

"should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the authorized amount of annualized water revenues to be received by Kentucky American Water related to its water base rate adjustment request; (2) the timing of the resolution of Kentucky American Water's May 16, 2024 petition for rehearing with respect to the Order; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Kentucky American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Kentucky American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Kentucky American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 17, 2024

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
President and Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 4, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On June 4, 2024, James H. Gallegos, Executive Vice President and General Counsel of American Water Works Company, Inc. (the "Company"), notified the Company of his retirement, effective immediately. The Company's Board of Directors has designated Stacy A. Mitchell, previously Senior Vice President and Deputy General Counsel, as the Company's Executive Vice President and General Counsel.

Item 7.01. Regulation FD Disclosure.

On June 5, 2024, the Company issued a press release announcing that Stacy A. Mitchell had been named as the Company's Executive Vice President and General Counsel. A copy of the press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated June 5, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 5, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Names Stacy Mitchell Executive Vice President and General Counsel

CAMDEN, N.J. – JUNE 5, 2024 – American Water (NYSE: AWK), the largest regulated water and wastewater utility company in the U.S., announced today that Stacy A. Mitchell has been named Executive Vice President and General Counsel. Mitchell replaces James H. Gallegos upon his retirement.

"While we wish Jim well as he begins his retirement, we are so pleased to have Stacy in this role," said M. Susan Hardwick, president and CEO of American Water. "With more than 25 years of experience in legal and regulatory work, Stacy is an excellent addition to our executive team. She has deep regulatory, litigation, business planning and strategy development expertise and has successfully led our multi-state regulatory and legal teams."

Mitchell most recently served as American Water's Senior Vice President and Deputy General Counsel, where she led the company's regulatory strategy and the execution of overall companywide legal strategies.

Prior to joining American Water in 2019, Mitchell served as Vice President, Rates and Regulatory Affairs for SJI Utilities in Atlantic City, N.J. She also served in that capacity for SJI's subsidiary, South Jersey Gas. Before joining SJI, Mitchell worked in private practice where she provided litigation, regulatory, and environmental counsel.

Mitchell serves as a member of the American Water Works Association's Water Utility Council and Council Treasurer.

Mitchell received her bachelor's degree in Science (Environmental Studies) from Stockton College and her Juris Doctor from Rutgers School of Law.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Press Release

AMERICAN WATER

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 1, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of General Rate Case with the Missouri Public Service Commission (the "MoPSC") by Missouri-American Water Company ("Missouri American Water")

On July 1, 2024, Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed with the MoPSC a request to review its water and wastewater rates. The request seeks annualized incremental revenue of approximately $148 million, excluding approved infrastructure surcharges of approximately $48 million in Missouri American Water's approved mechanism. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by Missouri American Water from January 2023 through May 2026. Missouri American Water anticipates that the general rate case proceeding will be completed by mid-2025.

A copy of the press release issued by Missouri American Water on July 1, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the MoPSC, with respect to the above-referenced general rate case; (2) the timing of the implementation of new rates under the general rate case; (3) the amount and timing of incremental capital investments to be completed by Missouri American Water; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Missouri American Water; and (5) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Missouri American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Missouri American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated July 1, 2024, issued by Missouri American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 1, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

MISSOURI AMERICAN WATER

Missouri American Water Files Rate Request Driven by $1.5 Billion in Water and Wastewater System Investments

ST. LOUIS, Mo. (July 1, 2024) – Missouri American Water filed a request today with the Missouri Public Service Commission (MoPSC) reflecting $1.5 billion in water and wastewater system investments completed and planned from January 2023 to May 2026. The request reinforces the company's commitment to replace aging infrastructure, provide reliable service, enhance water quality and comply with environmental regulations.

"We carefully plan investments in our water and wastewater systems to provide safe, clean and reliable service to nearly 1.6 million (one in four) Missourians in more than 90 counties throughout the state," said Rich Svindland, president of Missouri American Water. "These prudent, ongoing investments show our commitment to protecting public health and safety in the communities we serve."

These projects are important to continue providing quality water, increasing fire protection and improving service reliability for customers and include replacement of over 250 miles of aging water and wastewater pipe to help reduce main breaks and sewer overflows. Improvement projects also include treatment plant upgrades.

Key projects include:

- **St. Louis County** - Replacement of the intake pump station at the South Water Treatment Plant
- **St. Charles County –** Construction of new transmission main to add a second source of water supply
- **Jefferson City** - Construction of a new filter building at the water treatment plant
- **St. Joseph** - Upgrades at the water treatment plant and Randolph booster stations
- **Joplin** – Construction of a new carbon feed system at the treatment plant and well site treatment upgrades
- **Eureka, Smithton** – Wastewater treatment plant upgrades including construction of new lift station and UV disinfection

The company's last general rate case was filed with the MoPSC in July 2022 with a rate Order being approved in May 2023. New rates became effective on May 28, 2023.

If the company's proposed rates are approved as filed with the MoPSC today, the water bill for the average residential customer using 5,475 gallons per month would increase about $18.00 per month. Wastewater customers could see a monthly decrease or increase depending on the customer's service area.

Press Release

MISSOURI AMERICAN WATER

Part of today's filing with the MoPSC includes a proposed income-based rate for customers facing financial hardship. If approved by the MoPSC, residential customers below 150% of the Federal Poverty Level would be eligible for a discounted rate. Missouri American Water also offers assistance through its H2O *Help to Others* program, payment plans and budget billing.

The company's rate request undergoes extensive public scrutiny by the MoPSC. This process includes numerous interrogatories, public hearings and evidentiary hearings and can take up to 11 months. To increase transparency of the process, the company's proposed tariffs and other information about the filing are included on the company's website, missouriamwater.com.

The company anticipates that any general rate changes proposed through this filing would not become effective until mid-2025, after a final rate Order is issued by the MoPSC.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, planned capital investments and water and wastewater system improvements, the outcome of the MoPSC's final rate Order, and the amount and effective date of new water and wastewater rates. These statements are based on the current expectations of management of Missouri American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) the terms of any settlement agreement or stipulation, and/or final order of the MoPSC, with respect to the above-referenced general rate case; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Missouri American Water; and (4) other economic, political, business and other factors that may impact or affect the water and wastewater industries generally or Missouri American Water specifically. Forward-looking statements are not guarantees or assurances of future performance or results, and Missouri American Water and its affiliates do not undertake any duty to update any forward-looking statement.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Missouri American Water

Missouri American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.6 million people. For more, visit missouriamwater.com and follow Missouri American Water on X, Facebook, Instagram, YouTube and LinkedIn.

Press Release

MISSOURI AMERICAN WATER

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Media Contact:
Christie Barnhart
Senior Manager, External Communications
Cell: 417-529-9781
Christie.barnhart@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 22, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Entry of Order by Pennsylvania Public Utility Commission (the "PaPUC") Approving General Rate Case of Pennsylvania-American Water Company ("Pennsylvania American Water")

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by Pennsylvania American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), on November 8, 2023. In its order, the PaPUC approved a $99.3 million annualized increase in Pennsylvania American Water's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5,823.8 million, which reflects, as requested and included in the general rate case, approximately $1 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions that remain pending, including the previously-announced acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates will take effect on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in Pennsylvania American Water's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case.

A copy of the press release issued by Pennsylvania American Water on July 23, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated July 23, 2024, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 23, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Receives Rate Order from Pennsylvania Public Utility Commission

Reflects $1 billion in system investments to address aging water and wastewater infrastructure, with expanded customer assistance programs

MECHANICSBURG, Pa. (July 23, 2024) – The Pennsylvania Public Utility Commission (PUC) issued an order on July 22 approving adjusted water and wastewater rates for Pennsylvania American Water customers following the company's November 2023 rate request. The order includes expanded customer assistance programs, a total annualized revenue increase of $99.3 million, 9.45% Return on Equity (ROE) and actual capital structure with 55.3% equity approved. The order reflects the $1 billion in infrastructure investments to be made through mid-2025, as requested by the company, including upgrades to water mains, treatment plants, tanks, valves, booster stations and other infrastructure necessary to maintain and improve water quality, service reliability and fire protection.

"Pennsylvania American Water is committed to making needed infrastructure improvements across our service areas so we can continue to comply with more stringent drinking water standards and environmental regulations while keeping our systems resilient in the face of floods, droughts and other weather-related risks," said Pennsylvania American Water President Justin Ladner. "We appreciate the Commission's recognition of these critical investments, and we will continue to remain focused on efficiencies to help maintain affordable rates."

The PUC also approved the company's proposal to expand its income-based monthly bill discount program to include customers between 151 percent and 200 percent of the Federal Poverty Level (FPL), resulting in an estimated 55,000 additional customers being eligible to receive discounted service. The order also expanded eligibility for hardship fund grants from 201 to 250 percent of FPL.

Underscoring its commitment to affordability, the company's current H2O Help to Others Program™ offers three tiers of discounts off monthly water and wastewater bills for income-eligible customers, and the PUC's order expanded the amount of the monthly discounts from 30-80 percent to 30-90 percent. Last year, customers received approximately $14 million in bill discounts under this program. The company is committed to finding other opportunities to support customers.

The PUC encouraged the company to strive to set a target donation to its hardship fund of an additional $1 million. As part of its acquisition of the Butler Area Sewer Authority (BASA), the company already committed last year to increasing its shareholder contribution to the H2O Help

Press Release

PENNSYLVANIA AMERICAN WATER

to Others grant program by $3.5 million over five years. While the BASA acquisition was approved by the PUC in November 2023, it was appealed to Commonwealth Court, and the PUC-approved expansion of these assistance programs awaits a decision.

Additionally, as part of this approval, the PUC initiated an investigation into reported water service and water quality issues in the company's Northeastern service territory, based on testimony given in public input hearings held as part of the rate request proceeding.

With 33 of Pennsylvania American Water's water treatment plants nationally recognized with Directors Awards for participating in the EPA's Partnership for Safe Water, Pennsylvania American Water affirms its commitment to high-quality, reliable and affordable water and wastewater services.

"Our water meets all state and federal drinking water regulations, and we take customer comments about water quality very seriously," stated Ladner. "We acknowledge that some customers experienced temporary aesthetic disturbances associated with system improvements and operational maintenance, and we will work with the Commission on matters raised. As part of this commitment, we attempted personal outreach to every customer who raised a water quality concern during the public hearings to better understand and resolve their issues."

New rates will take effect on Aug. 7, except wastewater rates for the recently acquired systems of Foster Township and the City of York, which will take effect in January and May of 2025, respectively, in accordance with the acquisition agreements. The company will communicate new rates and new estimated bill impacts for its various water and wastewater rate zones on its website and will include details on how to find this information in upcoming customer bills.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X (formally Twitter) and Instagram.

About Pennsylvania American Water

Pennsylvania American Water, a subsidiary of American Water is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

Press Release

PENNSYLVANIA AMERICAN WATER

AWK-IR

Media Contact:
David Misner
Senior Manager, External Communications
C: 717-261-7525
david.misner@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 31, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the second quarter ended June 30, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated July 31, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 31, 2024

By: /s/ JOHN C. GRIFFITH
John C. Griffith
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

July 31, 2024

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
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AMERICAN WATER REPORTS SOLID SECOND QUARTER 2024 RESULTS
NARROWS 2024 EPS GUIDANCE TO TOP HALF OF RANGE
AFFIRMS LONG-TERM TARGETS
ANNOUNCES LEADERSHIP CHANGES

- **Second quarter 2024 earnings were $1.42 per share, compared to $1.44 per share in 2023; year-to-date 2024 earnings were $2.37 per share, compared to $2.37 per share in 2023**
  - **Quarter and year-to-date 2023 and 2024 comparative results reflect a net unfavorable weather impact of an estimated $0.04 per share**
- **2024 earnings per share guidance range is narrowed to $5.25 to $5.30 from $5.20 to $5.30, on a weather-normalized basis, including the estimated $0.10 per share of increased interest income as discussed last quarter, as a result of lower than expected declines in customer usage; long-term targets affirmed**
- **2024 capital investment plan of $3.1 billion on track; approx. 43,000 customer connections added from acquisitions and organic growth through June 30**
- **Significant regulatory execution YTD with new rates effective in IN, WV, KY, and with new rates to go into effect in PA next week**
- **2023 Sustainability Report published in July**
- **Leadership team changes: Effective August 1, 2024, M. Susan Hardwick remains CEO and American Water Board member and John C. Griffith named President of American Water; Cheryl Norton expands COO role to include Business Development; David Bowler named CFO; Nicholas Furia named Treasurer**

CAMDEN, N.J., July 31, 2024 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended June 30, 2024, of $1.42 per share, compared to $1.44 per share for the same quarter in 2023 and $2.37 per share for the year-to-date period ended June 30, 2024, compared to $2.37 per share for the same period in 2023.

“The company delivered solid results for the first half of the year,” said M. Susan Hardwick, president and CEO of American Water. “While results are relatively flat year over year, that is what we expected as we will see the results of our recent regulatory outcomes in the latter part of this year.”

“In the first six months of 2024, we invested $1.4 billion with the majority dedicated to needed infrastructure improvements to better serve our customers,” said Hardwick. “This included $119 million of acquisitions closed in Illinois, New Jersey, and Virginia, all of which are included in their respective current rate cases.”

2024 EPS Guidance Narrowed to Top Half of Range; Long-Term Financial Targets Affirmed

The company now expects its 2024 earnings per share guidance range to be $5.25 to $5.30, narrowed from the previous EPS guidance range of $5.20 to $5.30, on a weather-normalized basis. Both ranges include approximately $0.10 per share of increased interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group ("HOS"). The Company affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC"). All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Consolidated Results

For the three and six months ended June 30, 2024, earnings per share were $1.42 and $2.37, respectively, compared to $1.44 and $2.37 per share in the same periods in 2023. Results include the implementation of new rates in the Regulated Businesses from its capital and acquisition investments. Results also reflect some increased production and employee-related costs and higher financing costs to fund the current capital investment plan. Results for the three and six months ended June 30, 2024 compared to the same periods in 2023, reflect a net unfavorable impact of weather of $0.04 per share, including an estimated $0.03 and $0.07 per share, respectively, of impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey, and in the second quarter of 2023 in the Northeast and Midwest. Results for the three and six months ended June 30, 2024, include additional interest income of $0.02 and $0.04 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $1.4 billion in the first six months of 2024, including $1.3 billion for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $119 million for acquisitions. The company plans to invest a total of approximately $3.1 billion across its footprint in 2024.

Regulated Businesses

In the second quarter of 2024, the Regulated Businesses' net income was $274 million, compared to $278 million for the same period in 2023. For the first six months of 2024, the Regulated Businesses' net income was $459 million, compared to $452 million for the same period in 2023.

Operating revenues increased $52 million and $120 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $176 million from general rate cases. Further, $90 million of additional annualized revenues from infrastructure surcharges have been authorized and are effective. The company has general rate cases in progress in seven jurisdictions and has filed for infrastructure surcharges in one jurisdiction, reflecting a total annualized revenue request of $546 million. Most of the additional authorized revenues in 2024 have effective dates in the second or third quarter of this year.

Operating expenses were higher by $37 million and $76 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to increased production costs, which include higher purchased water usage, fuel, power and chemicals costs, and an increase in employee related costs, as well as general taxes associated with increased capital investment. Depreciation expense was higher by $17 million and $32 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $12 million and $22 million for the three and six months ended June 30, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On July 31, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on September 4, 2024, to shareholders of record as of August 13, 2024.

Leadership Team Changes

As part of the robust succession process, American Water announced leadership changes effective August 1, 2024, by naming John C. Griffith as President of American Water and expanding the role of Cheryl Norton, Executive Vice President and Chief Operating Officer, to include Business Development. M. Susan Hardwick remains CEO, as well as an American Water Board member. David Bowler has been named Executive Vice President and Chief Financial Officer and Nicholas Furia has been named Vice President and Treasurer.

“We are excited about our leadership news with key internal leaders taking expanded roles. Building strong talent and exceptional teams within our company is an important strength and differentiator of American Water and we, along with the American Water Board of Directors, are highly confident this structure will support the execution of our plans now and well into the future,” said Hardwick. “In addition to his tenure with American Water, John has more than 25 years of industry knowledge and expertise and has significant experience in leading high-performing teams, strategy development and execution. He has a deep understanding of our company’s purpose and a strong commitment to our customers, employees and shareholders.

“As our COO and with more than 35 years of proven experience, Cheryl has played a pivotal role in executing our increased capital plan to ensure our water and wastewater systems are reliable and resilient. Having her lead the enhanced business development team that helps bring our services to new communities is a natural expansion of her leadership role.”

“David, with over four years at American Water, has been our Deputy CFO and Treasurer since 2022 and has significant experience in all aspects of financial management and strategy, including finance strategy and planning, treasury, accounting, enterprise risk and capital markets,” added Hardwick.

“Today’s changes further solidify an already top-talented leadership team,” said Karl F. Kurz, Board Chair of American Water. “Our Board is committed to the continued long-term success of this company, and the execution of our extensive succession planning is a key part of that commitment. On behalf of the Board, I want to thank and congratulate Susan, John, Cheryl, David, and Nick for the roles they are playing in the current and future success of American Water.”

Biographies on Griffith, Norton, Bowler and Furia can be found at ir.amwater.com/governance/officers.

2024 Second Quarter Earnings Conference Call

The conference call to discuss second quarter 2024 earnings, 2024 earnings guidance, and long-term targets will take place on Thursday, August 1, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company’s Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water’s investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water’s 6,500 talented professionals leverage their significant expertise and the company’s national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the “company” and “American Water” mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 earnings guidance, the company’s long-term financial, growth and dividend targets, the ability to achieve the company’s strategies and goals, customer affordability and acquired customer growth, the outcome of the company’s pending acquisition activity, the amount and allocation of projected

capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as “intend,” “plan,” “estimate,” “believe,” “anticipate,” “expect,” “predict,” “project,” “propose,” “assume,” “forecast,” “outlook,” “likely,” “uncertain,” “future,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “will,” “should” and “could” and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water’s current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company’s Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions’ and other authorities’ actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company’s water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (“PFAS”)), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company’s ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company’s aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company’s technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto; the company’s ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company’s capital requirements; the company’s ability to control operating expenses and to achieve operating efficiencies, and the company’s ability to create, maintain and promote initiatives and programs that support the affordability of the company’s regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company’s water supplies or the water provided to its customers; the company’s ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company’s business operations; the company’s ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the company’s ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations, the company’s Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company’s former HOS business, including the company’s ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company’s Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company’s operations; the company’s ability to successfully develop and implement new technologies and to protect related intellectual property; the company’s ability to maintain safe work sites; the company’s exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and

similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,149	$ 1,097	$ 2,160	$ 2,035
Operating expenses:				
Operation and maintenance	427	419	843	812
Depreciation and amortization	193	174	381	346
General taxes	81	73	162	151
Other	(1)	(1)	(1)	(1)
Total operating expenses, net	700	665	1,385	1,308
Operating income	449	432	775	727
Other (expense) income:				
Interest expense	(131)	(110)	(255)	(225)
Interest income	25	15	49	29
Non-operating benefit costs, net	7	8	16	17
Other, net	11	12	18	23
Total other (expense) income	(88)	(75)	(172)	(156)
Income before income taxes	361	357	603	571
Provision for income taxes	84	77	141	121
Net income attributable to common shareholders	$ 277	$ 280	$ 462	$ 450
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.42	$ 1.44	$ 2.37	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	190
Diluted	195	195	195	190

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,364	$ 32,189
Accumulated depreciation	(6,832)	(6,751)
Property, plant and equipment, net	26,532	25,438
Current assets:		
Cash and cash equivalents	48	330
Restricted funds	50	34
Accounts receivable, net of allowance for uncollectible accounts of $48 and $51, respectively	393	339
Income tax receivable	17	86
Unbilled revenues	337	302
Materials and supplies	111	112
Other	209	186
Total current assets	1,165	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,138	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	90	86
Goodwill	1,143	1,143
Other	352	416
Total regulatory and other long-term assets	3,518	3,471
Total assets	$ 31,215	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,314,008 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,578	8,550
Retained earnings	1,971	1,659
Accumulated other comprehensive loss	(7)	(26)
Treasury stock, at cost (5,451,187 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,152	9,797
Long-term debt	12,553	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,556	11,718
Total capitalization	22,708	21,515
Current liabilities:		
Short-term debt	—	179
Current portion of long-term debt	575	475
Accounts payable	215	294
Accrued liabilities	607	791
Accrued taxes	108	67
Accrued interest	113	93
Other	207	252
Total current liabilities	1,825	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,780	2,717
Regulatory liabilities	1,434	1,481
Operating lease liabilities	78	73
Accrued pension expense	251	262
Other	200	196
Total regulatory and other long-term liabilities	5,122	5,081
Contributions in aid of construction	1,560	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,215	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 2, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of General Rate Case with the Public Utilities Commission of the State of Hawaii (the "HPUC") by Hawaii-American Water Company ("Hawaii American Water")

On August 2, 2024, Hawaii American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the HPUC a request to review its wastewater rates. The request seeks annualized incremental revenue of approximately $2.5 million, and is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and a long-term debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million of incremental capital investments completed and planned by Hawaii American Water through 2025. Hawaii American Water anticipates that the general rate case proceeding will be completed by mid-2025.

A copy of the press release issued by Hawaii American Water on August 5, 2024 to announce the filing has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the HPUC of Hawaii American Water's request for new wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the HPUC, related to this request; (3) the timing of any implementation of new rates by Hawaii American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Hawaii American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Hawaii American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Hawaii American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Hawaii American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated August 5, 2024, issued by Hawaii American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 5, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

HAWAII AMERICAN WATER

Hawaii American Water Files Rate Request Driven by $41 Million in Wastewater System Investments

HONOLULU, HI (August 5, 2024) – On August 2, Hawaii American Water filed a rate adjustment request with the Hawaii Public Utilities Commission (HPUC) for its Hawaii Kai, Mauna Lani, and Waimea wastewater service customers reflecting $41 million in local wastewater infrastructure replacement and upgrades in all three districts. The request reinforces the company's commitment to replace aging infrastructure, provide safe and reliable service, and comply with environmental regulations.

"We carefully plan investments in our wastewater system to help protect natural resources and the public health and safety of the communities we serve in Honolulu and Hawaii Counties," said Kevin Tilden, President of California American Water and Hawaii American Water. "Our approach for long-term, efficient, and consistent investment in our wastewater operations as we manage costs helps us deliver high-quality, affordable and reliable service to our customers."

If approved as filed, the requested funds will support infrastructure improvements for treatment plants, collection systems, and pump stations. Examples of these projects include:

- Mauna Lani Effluent Well Rehabilitation Project
- Waimea Wastewater Treatment Plant Clarifier Improvement Project
- Hawaii Kai Pump Station Improvement Project

If approved, the typical single-family customer on Oahu will see a monthly rate increase of approximately $9. On Hawaii, the typical single-family customer will see a rate increase of approximately $30 to $35 per month. The last rate adjustments for the systems on the island of Hawaii were September 2003 for Mauna Lani operations and January 2011 for Waimea operations. The company last filed a rate case for the Hawaii Kai system, on the island of Oahu, in 2021 with rates effective July 2022. The current application will fund needed infrastructure improvements and will take effect in the summer of 2025, pending approval by the HPUC.

The proposed rates in the rate application are to be reviewed by the HPUC. This process includes multiple opportunities for customer involvement including public hearings and can take up to nine months or more. Customers will be notified of the public hearings and the company's proposed tariffs and other additional information about the filing will be included on the company's website, HawaiiAmWater.com.

The company anticipates that any rate changes proposed through this filing will not become effective until mid-2025, after a final rate order is issued by the HPUC.

Rates will remain unchanged until this request undergoes extensive scrutiny by the Division of Consumer Advocacy and approval by the HPUC.

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Press Release

HAWAII AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Hawaii American Water
Hawaii American Water, a subsidiary of American Water, provides high-quality wastewater services to approximately 30,000 people.

AWK-IR

Media Contact
Nichole Baxter
Senior Manager, External Affairs
California and Hawaii American Water
Nichole.Baxter@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 12, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation and Settlement of New Jersey-American Water Company, Inc. ("New Jersey American Water") General Rate Case

On August 12, 2024, New Jersey American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), entered into a stipulation and settlement (the "Stipulation") with the staff of the New Jersey Board of Public Utilities (the "NJBPU") and the New Jersey Division of Rate Counsel, with respect to a general rate case filed by New Jersey American Water on January 19, 2024 seeking approximately $161.7 million of increased annualized revenues. The parties to the Stipulation have agreed to a $79.5 million annualized increase in New Jersey American Water's water and wastewater revenues, which is based on (i) an authorized return on equity ("ROE") of 9.6%, (ii) an authorized rate base of $5.05 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%, compared to an authorized ROE of 9.6%, authorized rate base of $4.15 billion, a common equity ratio of 54.56% and a long-term debt ratio of 45.44%, all as approved in New Jersey American Water's last general rate case in 2022. New Jersey American Water will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other post-employment benefits (OPEB) expense and those amounts included in base rates.

The Stipulation was posted on the NJBPU's website on August 21, 2024. The Administrative Law Judge at the Office of Administrative Law issued an Initial Decision adopting the Stipulation without modification on August 15, 2024. The Stipulation is anticipated to be presented to the NJBPU for approval at its September 4, 2024 public agenda meeting. If approved as stipulated, new rates shall be effective as of September 15, 2024.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the components of the general rate case reflected in any final order of the NJBPU; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or New Jersey American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or New Jersey American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or New Jersey American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 21, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 28, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Commencement of Process to Terminate Acquisition of Towamencin Township's Wastewater System

On August 28, 2024, Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"), issued a press release announcing that Pennsylvania American Water and Towamencin Township (the "Township") will begin the process to terminate that certain Asset Purchase Agreement, dated June 14, 2022, as amended on March 23, 2023 (the "Asset Purchase Agreement"), by and among Pennsylvania American Water, the Towamencin Municipal Authority (the "Authority") and the Township. As previously reported, effective March 24, 2023, Pennsylvania American Water acquired by assignment all of the rights, and assumed all of the obligations, of NextEra Water Pennsylvania, LLC ("NEWPA"), an indirect, wholly owned subsidiary of NextEra Energy, Inc., under the Asset Purchase Agreement, including NEWPA's agreement to acquire substantially all of the assets related to the Township's wastewater system. Pennsylvania American Water does not anticipate that it will incur any penalty in connection with the termination of the Asset Purchase Agreement. Once the termination is approved by the Township's Board of Supervisors at its next meeting, which is expected to occur on September 11, 2024, and the Pennsylvania Public Utility Commission (the "PaPUC"), which is expected to occur approximately 30 days after the termination agreement is filed with the PaPUC, all rights and obligations of Pennsylvania American Water under the Asset Purchase Agreement will terminate.

A copy of the press release issued by Pennsylvania American Water on August 28, 2024 related to the foregoing has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements relate to, among other things, the proposed termination of the Asset Purchase Agreement. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to the terms, timing and approval by the Board of Supervisors and the PaPUC of the termination of the Asset Purchase Agreement, and the impacts thereof, if any, to Pennsylvania American Water.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated August 28, 2024, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 29, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water and Towamencin Township to Terminate the Sale of Wastewater System

MECHANICSBURG, Pa. (Aug. 28, 2024) – Pennsylvania American Water (PAW) and Towamencin Township will begin the process of terminating the sale of the township's wastewater system, subject to formal approval at Towamencin's next Board of Supervisors' meeting. On June 14, 2022, Towamencin executed an asset purchase agreement (APA) to sell the township's wastewater system to NextEra Water Pennsylvania, LLC (NextEra Water). In March 2023, NextEra Water exited the transaction and Pennsylvania American Water agreed to step in as the buyer under essentially the same terms agreed to by NextEra Water. PAW acquired the rights to the APA effective March 24, 2023.

On July 2, 2024, the Pennsylvania Public Utility Commission (PUC) finalized new criteria for reviewing the sale of public water and wastewater systems. The terms of the APA initially agreed to by Towamencin Township and NextEra Water, and now reflected in the APA to which PAW is a party, are substantially different from the PUC's new criteria. Given that, at this time, PAW and Towamencin will begin the process of termination of the existing APA.

"We are grateful to the Board of Supervisors for their partnership and the trust they placed in us to address their environmental compliance challenges and much needed investment in their treatment plant," said Pennsylvania American Water President Justin Ladner. "Unfortunately, and upon further review, we both agree the structure of the original deal is unlikely to meet the approval criteria recently established by the PUC. Pennsylvania American Water has a long history of delivering water and wastewater solutions that bring greater value to communities, and we will continue to take that same approach across the Commonwealth."

Notably, next month, Pennsylvania American Water will seek PUC approval of its proposed acquisition of the Elizabeth Borough Municipal Authority, a wastewater system in Allegheny County.

"Upon review and approval by the PUC, we look forward to serving new customers in Elizabeth Borough," Ladner said.

Cautionary Statement Concerning Forward-Looking Statements
Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the proposed transactions discussed above. These statements are based on the current expectations of management of Pennsylvania American Water. There are a number of risks and uncertainties that could cause actual results

Press Release

PENNSYLVANIA AMERICAN WATER

to differ materially from these forward-looking statements, including with respect to (1) the terms and timing of the termination of the Towamencin APA; (2) the ability to obtain and/or the timing of the PUC's approval of the proposed acquisition of the wastewater system of the Elizabeth Borough Municipal Authority; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Pennsylvania American Water; and (4) other economic, political, business and other factors that may impact or affect the water and wastewater industries generally or Pennsylvania American Water specifically. Forward-looking statements are not guarantees or assurances of future performance or results, and Pennsylvania American Water and its affiliates do not undertake any duty to update any forward-looking statement.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 2.3 million people.

AWK-IR

Media Contact:
John Kelemen
External Affairs Manager
484-238-5216
John.kelemen@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 4, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

New Jersey Board of Public Utilities ("NJBPU") Approval of Settlement in New Jersey-American Water Company, Inc. ("New Jersey American Water") General Rate Case

On September 4, 2024, the NJBPU issued an order (the "Order") approving without modification the stipulation of settlement (the "Stipulation") of a general rate case filed on January 19, 2024 by New Jersey American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), seeking approximately $161.7 million of increased annualized water and wastewater revenues. The Stipulation was entered into on August 12, 2024 with the staff of the NJBPU and the New Jersey Division of Rate Counsel. The Order approves a $79.5 million annualized increase in New Jersey American Water's water and wastewater revenues, effective as of September 15, 2024, based on (i) an authorized return on equity ("ROE") of 9.6%, (ii) an authorized rate base of $5.05 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%, compared to an authorized ROE of 9.6%, authorized rate base of $4.15 billion, a common equity ratio of 54.56% and a long-term debt ratio of 45.44%, all as approved in New Jersey American Water's last general rate case in 2022. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since that last general rate case. New Jersey American Water will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other post-employment benefits (OPEB) expense and those amounts included in base rates.

A copy of the press release issued by New Jersey American Water on September 4, 2024 to announce the issuance of the Order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated September 4, 2024, issued by New Jersey American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 4, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

NEW JERSEY AMERICAN WATER

New Jersey American Water Granted New Rates by New Jersey Board of Public Utilities

Increase Driven by System Investments; New Affordability Tariff Approved

CAMDEN, N.J. (September 4, 2024) – The New Jersey Board of Public Utilities (BPU) today approved a settlement between New Jersey American Water and the N.J. Division of Rate Counsel and BPU Staff for new water and wastewater rates for New Jersey American Water. The approved rates represent a total annualized revenue increase of approximately $79.5 million.

The company's rate request was filed on January 19, 2024, and was primarily driven by more than $1.3 billion in infrastructure investment in treatment system and distribution upgrades since its last rate filing.

"We are committed to making appropriate investments to continue to provide safe, reliable services, while maximizing efficiencies to balance the impact to customers," said Mark McDonough, President, New Jersey American Water. "Our effective capital planning helps keep water and wastewater services compliant with state and federal regulations, reliable amidst the challenges of climate and other impacts, and affordable for the 2.9 million people we serve."

The new rates will become effective September 15, 2024. With the approved rate increase, the average bill for most water customers with a 5/8" meter using 5,642 gallons per month will increase approximately $5.33 per month. The bill for an average wastewater customer will increase approximately $5.68 per month, depending on the service area. Even with

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Press Release

NEW JERSEY AMERICAN WATER

the new rates, the cost of high-quality, reliable, water and wastewater service will remain among the lowest household utility bills.

The company's proposed Universal Affordability Tariff was also approved as part of this rate filing and will be incorporated into the company's H2O Help to Others assistance program. Underscoring the company's commitment to affordability, this new tariff will provide discounts on both the monthly fixed service charge and the monthly usage charge for income-eligible customers. More information about this and other assistance programs can be found at www.newjerseyamwater.com under Customer Service & Billing, Bill Paying Assistance.

Customers will receive information about the new rates in their next New Jersey American Water bill. Information will also be available on the company's website at www.newjerseyamwater.com under Customer Service & Billing, Your Water and Wastewater Rates, or by calling 800-272-1325, Monday through Friday, 7 a.m. to 7 p.m.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About New Jersey American Water
New Jersey American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.9 million people. For more information, visit www.newjerseyamwater.com and follow New Jersey American Water on LinkedIn, Facebook, X, and Instagram.

Media Contact:
Denise Venuti Free
Senior Director of Communications and External Affairs
New Jersey American Water
denise.free@amwater.com

###

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 19, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation of Settlement of Virginia-American Water Company ("Virginia American Water") General Rate Case

On September 20, 2024, Virginia American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement (the "Stipulation") entered into on September 19, 2024, with the staff of the SCC, the Office of the Attorney General's Division of Consumer Counsel, and several intervenors, with respect to a general rate case filed by Virginia American Water on November 1, 2023, seeking $19.7 million of increased annualized water and wastewater revenues. The parties to the Stipulation have agreed to a $14.6 million annualized increase in Virginia American Water's revenues. The parties to the Stipulation have also agreed, solely for purposes of Virginia American Water's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity ("ROE") will be 9.7% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The ROE approved in Virginia American Water's 2023 rate case order was 9.7%, the approved equity component was 40.73% and the approved debt and other component was 59.27%. The annualized revenue increase is being driven primarily by approximately $110.0 million in capital investments to be made between May 2023 and April 2025. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The Stipulation remains subject to SCC review and approval.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the components of the general rate case reflected in any final order of the SCC; (2) the timing of the implementation of new rates under the general rate case; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Virginia American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Virginia American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Virginia American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 20, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 26, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Pennsylvania Commonwealth Court Dismisses Appeals of the Pennsylvania Public Utility Commission's (the "PaPUC's") Order Approving the Acquisition of Butler Area Sewer Authority's Wastewater Assets

On September 26, 2024, the Pennsylvania Commonwealth Court issued an order (the "Order") dismissing the appeals of Center Township and Summit Township, which sought to reverse the PaPUC's order, dated November 9, 2023, approving the acquisition (the "Acquisition") of the public wastewater collection and treatment system assets (the "System Assets") of the Butler Area Sewer Authority by Pennsylvania-American Water Company ("Pennsylvania American Water"), a subsidiary of American Water Works Company, Inc. (the "Company"). While the Order remains subject to possible additional challenges, Pennsylvania American Water is moving forward to close the Acquisition expeditiously.

As previously disclosed, on November 9, 2023, the PaPUC approved a settlement agreement without modification with respect to Pennsylvania American Water's application to acquire the System Assets for a purchase price of $230 million. On December 14, 2023, Center Township and Summit Township filed appeals with the Pennsylvania Commonwealth Court challenging the Acquisition. The System Assets provide wastewater service to approximately 15,000 customer connections including in the City of Butler, parts of the Borough of East Butler, and parts of the Townships of Butler, Center, Connoquenessing, Summit and Oakland.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the ability of Pennsylvania American Water to complete the steps necessary to close the Acquisition; (2) any further appeal of or challenge to the Commonwealth Court's order or the Acquisition; (3) the timing of the closing of the Acquisition; (4) the occurrence of the benefits and synergies expected or predicted to occur as a result of the completion of the Acquisition; (5) unexpected costs, liabilities or delays associated with the Acquisition or integration of the System Assets; (6) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect Pennsylvania American Water or the Company; and (7) other economic, political, business and other factors.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: September 27, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 3, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Discovery of and Response to Cybersecurity Incident

On October 3, 2024, American Water Works Company, Inc. (the "Company") learned of unauthorized activity within its computer networks and systems, which the Company determined to be the result of a cybersecurity incident. Upon learning of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and is coordinating fully with them. The Company has taken and will continue to take steps to protect its systems and data, including disconnecting or deactivating certain of its systems. The Company currently believes that none of its water or wastewater facilities or operations have been negatively impacted by this incident. Although the Company is currently unable to predict the full impact of this incident, the Company does not expect the incident will have a material effect on the Company, or its financial condition or results of operations.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions, including statements regarding the Company's plans to protect its systems and the impact of the incident on the Company or its financial condition or results of operations. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the extent of the cybersecurity incident and the results or findings of the Company's investigation thereof; (2) the Company's ability to contain and/or mitigate the incident; (3) the nature and scope of unauthorized activity or access or use of any sensitive, proprietary or confidential financial, or personal data or information, which may result in negative consequences such as fines, penalties or loss of reputation; (4) incremental expenses, damages or losses associated with this incident or the Company's containment, mitigation and investigation thereof; (5) the nature, scope and result of any claims or litigation, or regulatory, legislative, local or municipal actions or proceedings that may be brought against the Company or its affiliates, or other affected parties, as a result of the incident; (6) the availability and amount of insurance coverage related to this incident; (7) other legal, reputational and financial risks or impacts resulting from this or other cybersecurity incidents and the potential impacts on the Company's financial condition or results of operations; (8) the length and scope of disruption to the Company's business operations caused by the incident; and (9) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 7, 2024

By: /s/ STACY A. MITCHELL
Stacy A. Mitchell
Executive Vice President and General Counsel

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 10, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

On October 10, 2024, American Water Works Company, Inc. (the "Company"), issued a press release to provide an update regarding its previously announced cybersecurity incident that it first reported via Current Report on Form 8-K as filed with the Securities and Exchange Commission (the "SEC") on October 7, 2024. A copy of this press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01. Although the Company is currently unable to predict the full impact of this incident, the Company does not expect that the incident will have a material effect on the Company, or its financial condition or results of operations.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or in the exhibit hereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions, including statements regarding the Company's plans to protect its systems and the impact of the incident on the Company or its financial condition or results of operations. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the extent of the cybersecurity incident and the results or findings of the Company's investigation thereof; (2) the Company's ability to contain and/or mitigate the incident, and to maintain the safe operation of its recently reactivated networks and systems; (3) the nature and scope of unauthorized activity or access or use of any sensitive, proprietary or confidential financial, or personal data or information, which may result in negative consequences such as fines, penalties or loss of reputation; (4) incremental expenses, damages or losses associated with this incident or the Company's containment, mitigation and investigation thereof; (5) the nature, scope and result of any claims or litigation, or regulatory, legislative, local or municipal actions or proceedings that may be brought against the Company or its affiliates, or other affected parties, as a result of the incident; (6) the availability and amount of insurance coverage related to this incident; (7) other legal, reputational and financial risks or impacts resulting from this or other cybersecurity incidents and the potential impacts on the Company's financial condition or results of operations; (8) the length and scope of disruption to the Company's business operations caused by the incident; and (9) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's business, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated October 10, 2024, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 10, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Reactivating Systems After Cyber Event

Camden, N.J. – OCTOBER 10, 2024 – American Water (NYSE: AWK), the largest regulated water and wastewater utility company in the U.S., announced today that it is in the process of methodically and securely reconnecting and reactivating the systems that were taken offline due to its cybersecurity incident communicated on Oct. 7.

The Company continues to have no indication that its water and wastewater facilities were impacted by this incident. The incident did not affect water quality.

The company's customer portal, MyWater, is now operational, and all standard billing processes are resuming. As a reminder to our customers, there will be no late charges during the short period when our customer and billing platform was unavailable.

The reactivation of systems was initiated in line with the company's ongoing cyber incident response protocols after internal and external security teams confirmed the systems were secure.

The investigation into the nature and scope of the incident by a dedicated team of professionals and law enforcement is ongoing. Investigations of this nature take time, and the company will share any additional information as, and when, appropriate.

American Water takes the cybersecurity of its systems and related data with utmost seriousness and has taken additional steps to strengthen the cybersecurity of its systems. Our customers remain our highest priority. We sincerely regret any inconvenience this has caused and appreciate our customers' patience over the past few days.

The most up-to-date information relating to the incident can be found at www.amwater.com/corp/.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

Press Release

AMERICAN WATER

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Media Contact:
Ruben Rodriguez
Senior Director, External Communications
ruben.e.rodriguez@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On October 30, 2024, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01. Regulation FD Disclosure.

The press release referenced in response to Item 2.02 above and included as Exhibit 99.1 hereto also discussed the Company's earnings per share guidance for 2024 and initiated earnings per share guidance for 2025, and provided certain other 2025 and long-term guidance with respect to the Company.

The presentation to be used in connection with the Company's third quarter 2024 earnings call has been included as Exhibit 99.2 and is incorporated by reference herein.

The information furnished in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated October 30, 2024, issued by American Water Works Company, Inc.
99.2*	American Water Works Company, Inc. Third Quarter 2024 Earnings Presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 30, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

October 30, 2024

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Senior Vice President, Communications and External Affairs
856-955-4163
maureen.duffy@amwater.com

AMERICAN WATER REPORTS STRONG THIRD QUARTER 2024 RESULTS AFFIRMS LONG-TERM TARGETS AND 2024 EPS GUIDANCE ANNOUNCES 2025 EPS GUIDANCE, REFLECTING GROWTH OF 8%

- **Third quarter 2024 earnings were $1.80 per share, compared to $1.66 per share in 2023; year-to-date 2024 earnings were $4.17 per share, compared to $4.03 per share in 2023**
  - **Year-to-date 2024 and 2023 comparative results reflect a net unfavorable weather impact of an estimated $0.04 per share; no weather impact quarter over quarter**
- **2024 weather-normalized earnings per share guidance range of $5.25 to $5.30 affirmed; includes $0.10 per share of incremental interest income from the Homeowner Services Group (HOS) seller note that was amended in early 2024**
  - **2024 earnings per share guidance range of $5.15 to $5.20, excluding the $0.10 per share of incremental interest income from the amended HOS note**
- **On October 29, completed the acquisition of the wastewater collection and treatment system assets of Butler Area Sewer Authority in Pennsylvania for $230 million, which adds approximately 15,000 customer connections**
- **Initiating 2025 earnings per share guidance range of $5.65 to $5.75, which includes $0.10 per share of incremental interest income from the amended HOS note**
  - **2025 earnings per share guidance range of $5.55 to $5.65, excluding the $0.10 per share of incremental interest income from the amended HOS note**
- **Affirming long-term targets, including long-term EPS and dividend per share compounded annual growth rates (CAGRs) of 7-9%**
  - **Announcing 2025-2029 capital plan of $17-$18 billion and 2025-3034 capital plan of $40-$42 billion**

CAMDEN, N.J., October 30, 2024 – American Water Works Company, Inc. (NYSE: AWK), a large cap value company, today reported results for the quarter ended September 30, 2024, of $1.80 per share, compared to $1.66 per share for the same quarter in 2023, and $4.17 per share for the year-to-date period ended September 30, 2024, compared to $4.03 per share for the same period in 2023.

"The company has delivered strong results to date in 2024, including key regulatory outcomes that set a good foundation going forward," said M. Susan Hardwick, CEO of American Water. "We are also very pleased to have closed on the Butler Area Sewer Authority wastewater acquisition and look forward to serving those customers."

"Looking forward to 2025 and beyond, we have demonstrated consistently now that we execute on the plans we set, and we are fully confident in our ability to continue to deliver on our near-term and long-term growth and capital plans in this latest update," said Hardwick.

2024 EPS Guidance Affirmed

The company affirms weather-normalized 2024 earnings per share guidance range of $5.25 to $5.30, which it narrowed last quarter to the top half of the previous EPS guidance range of $5.20 to $5.30. Both ranges include approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of HOS. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC").

2025 EPS Guidance and Long-Term Targets

- 2025 earnings per share guidance range of **$5.65 to $5.75 established;** includes the $0.10 per share of incremental interest income from the amended HOS note
- Long-term EPS CAGR of **7-9% remains unchanged**
  - Long-term **rate base growth** of **8-9%** (including acquisitions) **remains unchanged**
  - Acquired customer additions at a CAGR of **2% remains unchanged**
- Long-term dividend per share CAGR expectation of **7-9% remains unchanged**
- **Established** capital investment plan of **$17-$18 billion** for 2025-2029 and **$40-$42 billion** for 2025-2034
  - 2025 capital investment plan of **$3.3 billion**

Consolidated Results

For the three and nine months ended September 30, 2024, earnings per share were $1.80 and $4.17, respectively, compared to $1.66 and $4.03 per share in the same periods in 2023. Results include the increased revenues from implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for the three and nine months ended September 30, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.07 per share, respectively. Results for the three and nine months ended September 30, 2023, reflect the net favorable impact of weather compared to normal, estimated at $0.04 and $0.11 per share, respectively. Results for the three and nine months ended September 30, 2024, include incremental interest income of $0.03 and $0.07 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to modestly exceed its original capital investment plan for the year with investments of $2.0 billion in the first nine months of 2024, including $1.9 billion for infrastructure improvements and replacements, primarily in the Regulated Businesses, and $119 million for acquisitions.

Regulated Businesses

In the third quarter of 2024, the Regulated Businesses' net income was $356 million, compared to $331 million for the same period in 2023. For the first nine months of 2024, the Regulated Businesses' net income was $815 million, compared to $783 million for the same period in 2023.

Operating revenues increased $124 million and $244 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of $346 million with $256 million from general rate cases and $90 million from infrastructure surcharges. The company has general rate cases in progress in seven jurisdictions and has filed for infrastructure surcharges in three jurisdictions, reflecting a total annualized revenue request of $375 million. Most of the additional authorized revenues in 2024 had effective dates in the second or third quarter of this year.

Operating expenses were higher by $63 million and $139 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to an increase in employee related costs, as well as general taxes associated with increased capital investment, and increased production costs, which include higher purchased water cost and usage. Operating expenses also include depreciation expense, which was higher by $22 million and $54 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $15 million and $37 million for the three and nine months ended September 30, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On October 29, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share, payable on December 3, 2024, to shareholders of record as of November 12, 2024.

2024 Third Quarter Earnings Conference Call

The conference call to discuss third quarter 2024 earnings, 2025 earnings guidance, and long-term targets will take place on Thursday, October 31, 2024, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK), a large capitalization value company, is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and diluted earnings per share.

Non-GAAP Financial Measures

This press release includes a presentation of American Water's 2024 and 2025 earnings guidance ranges excluding the $0.10 per share of incremental interest income to be recognized from the amended HOS note. This presentation constitutes a "non-GAAP financial measure" under SEC rules. It is derived from American Water's consolidated financial information but is not presented in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). This presentation supplements American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes this presentation is useful to American Water's investors because it excludes an item not reflective of its ongoing operating results and the presentation will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use this presentation internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend this presentation to represent future results as defined by GAAP, and investors should not consider them as such. In addition, this presentation of guidance may not be comparable to similar presentations by other companies, and, accordingly, it may have significant limitations in its use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2024 and 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; the company's plans and efforts to protect and remediate its computer networks and systems following the company's October 3, 2024 cybersecurity incident, and the impacts of such incident on the company and/or its financial condition and results of operations; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems,

including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto, including with respect to the company's reported October 3, 2024 cybersecurity incident; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations, the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's former HOS business, including the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due, and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth, Investors should review risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

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American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating revenues	$ 1,323	$ 1,167	$ 3,483	$ 3,202
Operating expenses:				
Operation and maintenance	496	436	1,339	1,248
Depreciation and amortization	200	177	581	523
General taxes	84	76	246	227
Other	—	—	(1)	(1)
Total operating expenses, net	780	689	2,165	1,997
Operating income	543	478	1,318	1,205
Other (expense) income:				
Interest expense	(132)	(117)	(387)	(342)
Interest income	22	23	71	52
Non-operating benefit costs, net	7	9	23	26
Other, net	13	14	31	37
Total other (expense) income	(90)	(71)	(262)	(227)
Income before income taxes	453	407	1,056	978
Provision for income taxes	103	84	244	205
Net income attributable to common shareholders	$ 350	$ 323	$ 812	$ 773
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.80	$ 1.66	$ 4.17	$ 4.03
Weighted-average common shares outstanding:				
Basic	195	195	195	192
Diluted	195	195	195	192

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 33,940	$ 32,189
Accumulated depreciation	(6,933)	(6,751)
Property, plant and equipment, net	27,007	25,438
Current assets:		
Cash and cash equivalents	127	330
Restricted funds	40	34
Accounts receivable, net of allowance for uncollectible accounts of $50 and $51, respectively	453	339
Income tax receivable	7	86
Unbilled revenues	310	302
Materials and supplies	105	112
Other	195	186
Total current assets	1,237	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,119	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,143	1,143
Other	400	416
Total regulatory and other long-term assets	3,546	3,471
Total assets	$ 31,790	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,345,035 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,588	8,550
Retained earnings	2,172	1,659
Accumulated other comprehensive loss	(8)	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,362	9,797
Long-term debt	12,550	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,553	11,718
Total capitalization	22,915	21,515
Current liabilities:		
Short-term debt	215	179
Current portion of long-term debt	585	475
Accounts payable	259	294
Accrued liabilities	585	791
Accrued taxes	174	67
Accrued interest	129	93
Other	185	252
Total current liabilities	2,132	2,151
Regulatory and other long-term liabilities:		
Advances for construction	379	352
Deferred income taxes and investment tax credits	2,833	2,717
Regulatory liabilities	1,403	1,481
Operating lease liabilities	77	73
Accrued pension expense	243	262
Other	239	196
Total regulatory and other long-term liabilities	5,174	5,081
Contributions in aid of construction	1,569	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 31,790	$ 30,298

Exhibit 99.2

2024 Third Quarter Earnings & 2025 Outlook Conference Call

October 31, 2024

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Aaron Musgrave
Vice President,
Investor Relations

FORWARD-LOOKING STATEMENTS

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Safe Harbor

This presentation includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this presentation. The factors that could cause actual results to differ are discussed in the Appendix to this presentation, and in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, as filed with the SEC on October 30, 2024.

Non-GAAP Financial Information

This presentation includes non-GAAP financial measures. Further information regarding these non-GAAP financial measures, including a reconciliation of each of these measures to the most directly comparable GAAP measure, is included in the Appendix to this presentation.

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John Griffith

President

Strong Third Quarter 2024 Results

*2024 EPS Guidance of $5.25 to $5.30 Affirmed**

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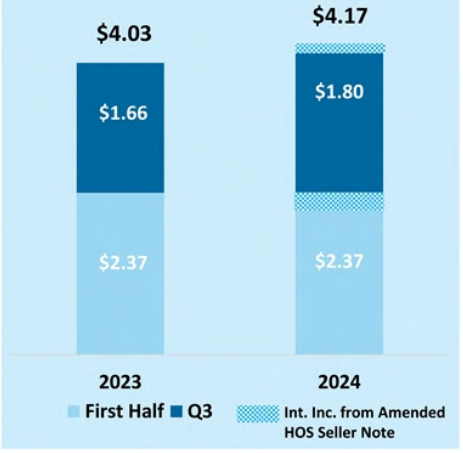
Earnings Per Share



☑ Q3/YTD Highlights

- ✓ 2024 Q3 EPS of $1.80 driven by higher revenue on increased rate base
  - Revenue increases from new effective rates driving stronger 2H 2024 financial results
  - Q3 2024 results include $0.03 of incremental interest income from amended HOS seller note
- ✓ New rates effective in 2024 in IN, WV, KY, PA and NJ; Rate cases in IL, TN, IA, MO, and HI progressing; Awaiting final orders in CA, VA
- ✓ Invested $2.0B in infrastructure improvements and acquisitions through Sept. 30; on track to invest $3.3B for the full year
- ✓ On October 29, completed the acquisition of the wastewater collection and treatment system assets of Butler Area Sewer Authority in Pennsylvania for $230 million, which added approximately 15,000 customer connections

** Includes $0.10 per share of incremental interest income from the seller note resulting from the 2021 sale of Homeowner Services Group (HOS) that was amended in early 2024.*

2025 Guidance Initiated, Long-Term Targets Affirmed

Strong and Sustainable Growth Outlook for the Future

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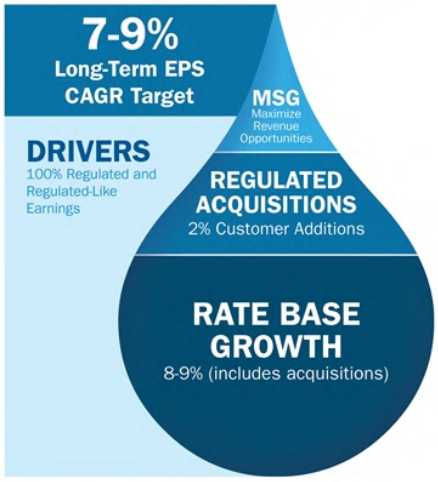
EPS GROWTH OUTLOOK



2025 EPS Guidance

Initiating 2025 Guidance at $5.65-5.75*

8% EPS Growth	Higher revenues from investments in rate base while proactively managing operating costs
over weather-normalized 2024 EPS guidance, midpoint to midpoint	

LONG-TERM FINANCIAL TARGETS

Drivers of Sustainable Shareholder Return

EPS Growth	Dividend Per Share Growth	Customer Affordability	Sustainability Leadership
7-9%	7-9%	+	+

Additional Supportive Targets

Dividend Payout Ratio	Debt to Capital
55-60%	<60%

** Includes $0.10 incremental interest from amended HOS seller note.*

EPS Guidance: Affirming 2024, Initiating 2025

Consistent Future Earnings Growth Within 7-9% Range

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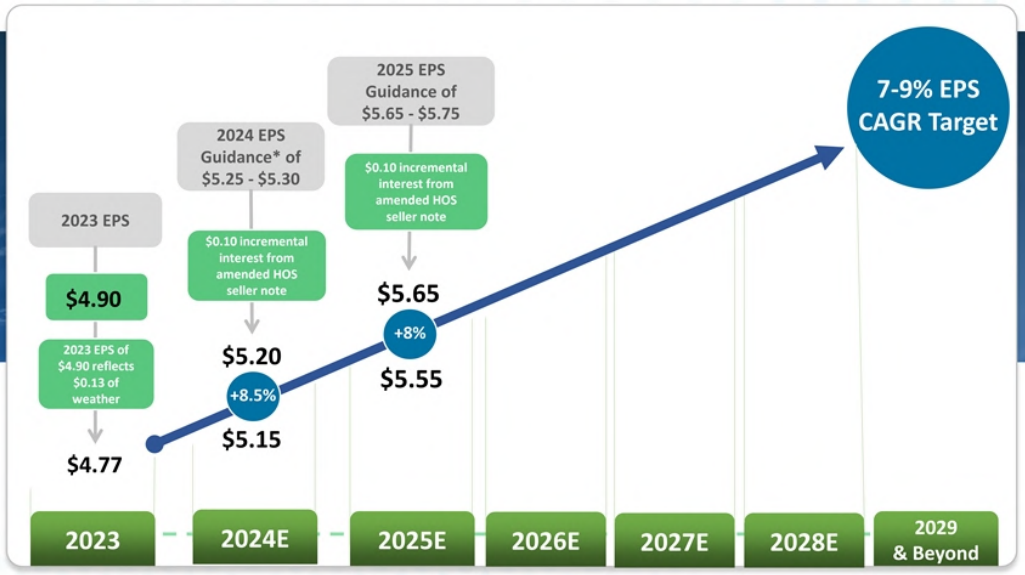
2025 EPS Guidance

$5.65 - $5.75

Includes $0.10 incremental interest from amended HOS seller note



** On a weather-normalized basis; weather of $0.07 per share net favorable through 9/30/2024.*

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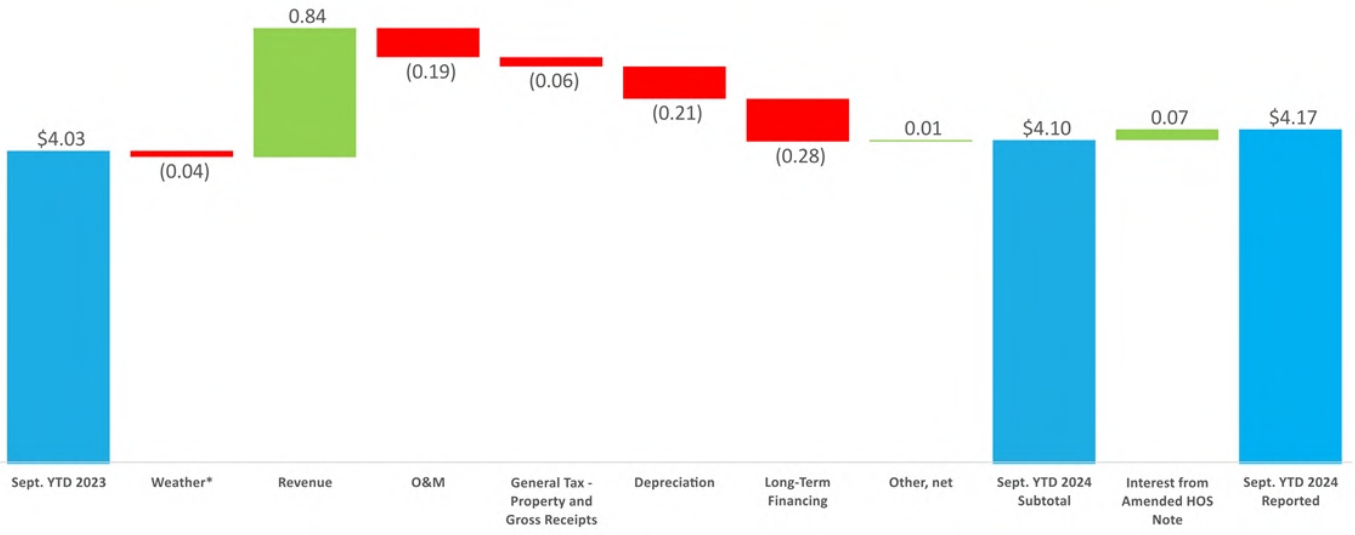
David Bowler

Executive Vice President &
Chief Financial Officer

Details of Year-To-Date 2024 EPS



** Includes weather of $0.07 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3) and 0.11 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3).*

General Rate Case Update

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2024 Completed Rate Cases

State Subsidiary	Type	Additional Authorized Revenue	Rates Effective Date
Indiana	General	$25 million $23 million $18 million	February 21, 2024 May 10, 2024 May 2025
West Virginia	General	$25 million (Base Rates and DSIC)	February 25, 2024 March 1, 2024 (DSIC)
Kentucky	General	$11 million	May 3, 2024
Pennsylvania	General	$99 million	August 7, 2024
New Jersey	General	$80 million	September 15, 2024

Rate Cases in Progress

State Subsidiary	Filed	Capital Investment	Rates Expected Effective Date
Hawaii	8/2/24	$41 million	Mid-2025
Missouri	7/1/24	$1.1 billion	Mid-2025
Iowa	5/1/24	$157 million	Interim rates effective 5/11/24
Tennessee	5/1/24	$173 million	Early 2025
Illinois	1/25/24	$557 million	January 1, 2025
Virginia	11/1/23	$110 million	Interim rates effective 5/1/24
California	7/1/22	$462 million	2024-2026; Order expected Dec. 5, 2024, with rate retroactive back to 1/1/24

Considerations for 2025 Outlook

*Initiating 2025 EPS Guidance of $5.65 to $5.75***

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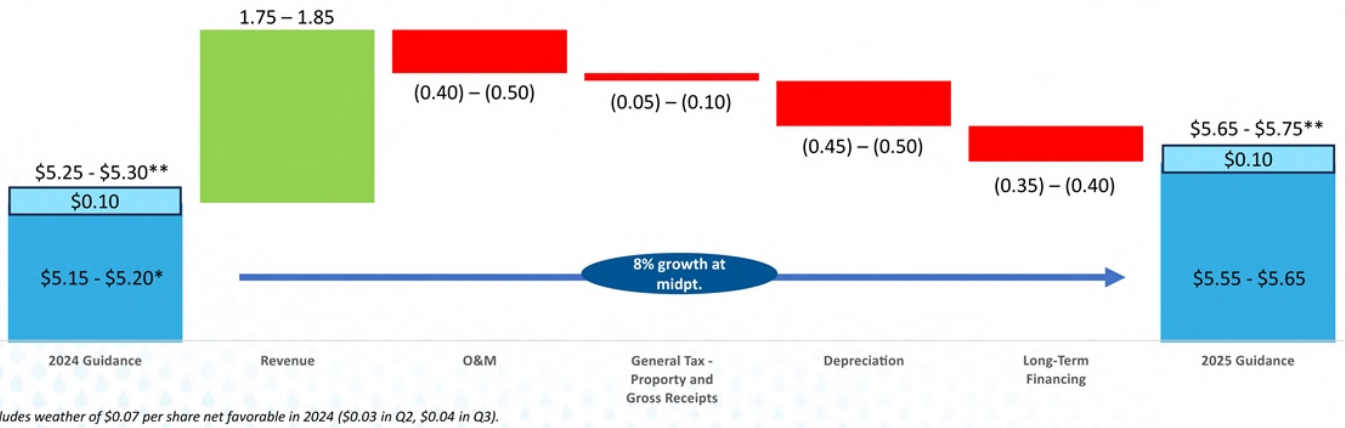
2025 Growth Drivers

- ✓ **8% EPS growth in 2025 (at midpoint) vs. 2024 on a weather-normalized basis**
- ✓ Revenue growth in base rates and in infrastructure mechanisms from capital investment
- ✓ Focus on customer affordability by continuing to drive effective and efficient cost management strategies
- ✓ Deliver cost effective financing while maintaining balance sheet strength and credit profile



** Excludes weather of $0.07 per share net favorable in 2024 ($0.03 in Q2, $0.04 in Q3).*
*** Includes $0.10 incremental interest from amended HOS seller note in 2024 and 2025.*

Continued Strong Balance Sheet & Credit Ratings

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AWK Long-Term Senior Unsecured Ratings

S&P Global	Moody's
A	Baa1
(Stable Outlook)	*(Stable Outlook)*

Ratings and Stable Outlook affirmed at S&P / Moody's (Mar. '24/Jan. '24)

- ✓ Low risk business profile
- ✓ Strong regulatory jurisdictions
- ✓ Supportive financial plans

Total Debt to Total Capital

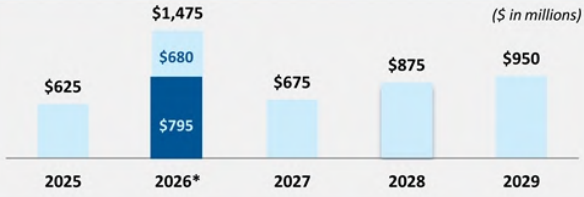
As of September 30, 2024: **56%**

Long-Term Target: **<60%**

Note: September 30, 2024 percentage shown is net of cash and cash equivalents of $127 million.

Consolidated Debt Maturity Profile

as of September 30, 2024 (Rounded)



Liquidity Profile

($ in millions rounded)

Available Liquidity as of 9/30/24

Revolving Credit Facility

- ✓ Credit Facility capacity of $2.75 billion
- ✓ Extended maturity to October 2029, effective October 28, 2024

**Proceeds of $795 million from the note related to the sale of HOS are due to the Company in December 2026.*

Funding the 2025-2029 Capital Investment Plan

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($ in millions)

Financing Plan: 2025-2029	
Operating Cash Flows	$13,000
Debt Financing	$10,500
Equity Issuances	$2,500
Sale Proceeds (HOS)	$795
Total Sources:	~$27 Billion

- **$2.5B equity issuance in 2025-2029 plan, driven by capital investment needs and consistently achieving <60% debt to cap target**
  - Includes $1.0 billion equity financing from prior plan, plus an additional $1.5 billion near end of plan, to support growth in the business; issuances are subject to market conditions
  - Uses of funds: primarily ~$17-18 billion of capital investments, ~$4.5 billion of LTD maturities, and dividends
  - **Current 2025 financing plan includes $1.5-2.0B of long-term debt financing; does not include any equity financing**
- Investors should expect equity financing to occur consistent with a traditional regulated utility financing strategy and to maintain our strong balance sheet and credit metrics, with timing and sizing in alignment with our investment program and rate case cycle

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Cheryl Norton

Executive Vice President &
Chief Operating Officer

Five- and Ten-Year Capital Plans: Investments to Support System Needs

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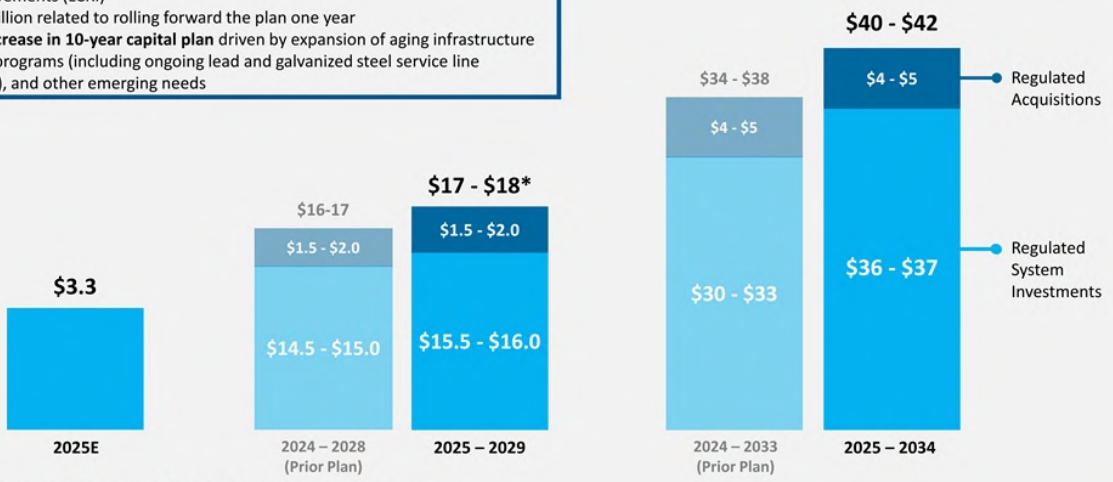
Capital Plan ($ in billions)

- **~$1 billion increase in 5-year capital plan**
  - $0.6 billion to meet compliance requirements for EPA's Lead & Copper Rule Improvements (LCRI)
  - $0.4 billion related to rolling forward the plan one year
- **~$5 billion increase in 10-year capital plan** driven by expansion of aging infrastructure replacement programs (including ongoing lead and galvanized steel service line replacements), and other emerging needs



*Includes ~$1 billion related to PFAS, primarily in 2026-2028; and ~$1 billion related to LCRI.

Timely Recovery of Capital Investments

Cap Ex Driven by Infrastructure Renewal, Resiliency, and Water Quality

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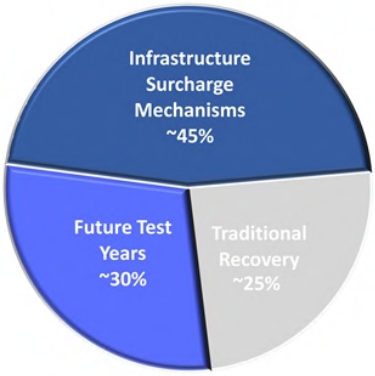
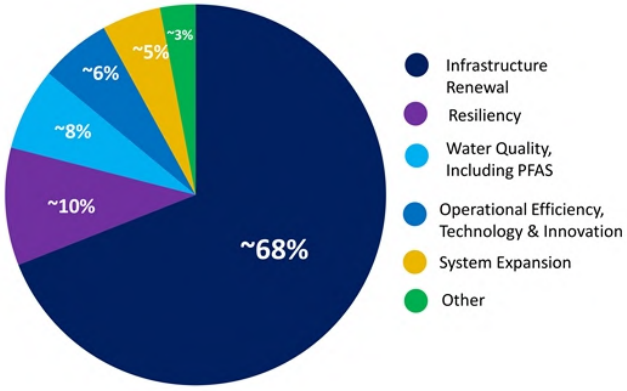
Capital Recovery Outlook



Capital by Purpose (2025-2034)



Investments Drive Continued Rate Base Growth

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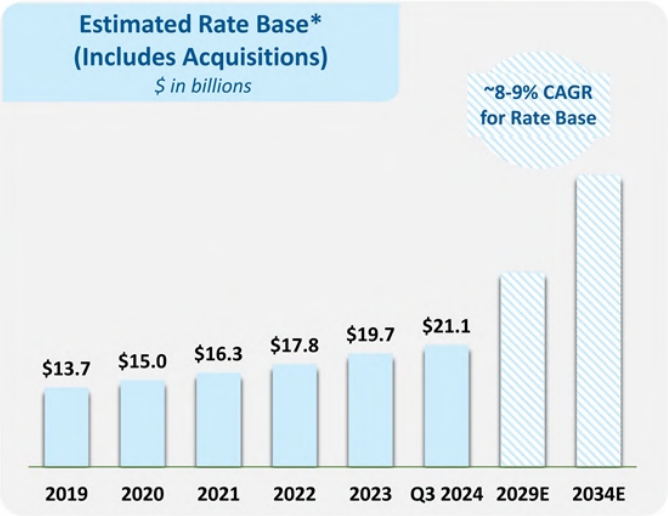

Estimated Rate Base*

	As of 9/30/2024
Net Utility Plant	$26.9
Less	
Advances for Construction	$0.4
CIAC – Contributions in Aid of Construction	$1.6
Net Deferred Income Taxes	$3.8
	$5.8
Total Estimated Rate Base	**$21.1**

Note: annual rate base totals include New York American Water through 2021. New York's 2021 rate base was $0.5 billion.
** An approximation of rate base, which includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.*

Continued Focus on Customer Affordability

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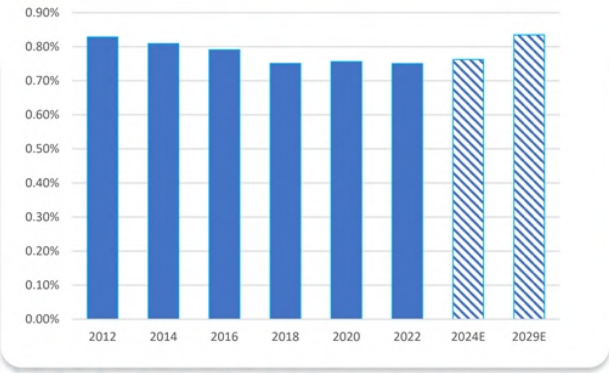
Residential Water Bill as % of Median Household Income*



Spotlight on Affordability

- Pennsylvania American Water recently expanded its H2O Help to Others program, to include customers with household incomes up to 250% of the Federal Poverty Income Guideline. An estimated additional 55,000 customers will now be eligible for discounted service.

Values Around Affordability

- Focused on keeping customer bills affordable compared to income (wallet share)
  - Goal for AW **average** residential water customer bills: 1% or less of median household income
- Continue to promote and advocate for low-income customer assistance tariffs and programs in each State
- Advocating for a permanent, federal Low Income Household Water Assistance Program (LIHWAP)
- Supportive of consolidated tariffs in each State that allow customers to benefit from efficiencies of scale

** Figure is estimated based on data from the US Census Bureau American Community Survey based on zip codes served by American Water. American Water does not collect household income data from its customers.*

$349 Million of Acquisitions Closed through Oct.

Growing Acquisition Pipeline, Balanced Across Many States

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Closed
As of September 30, 2024

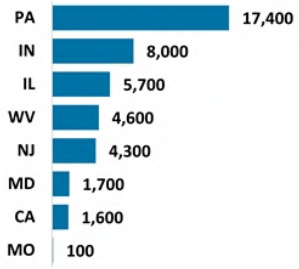
~33,400 Customer Connections
5 Acquisitions in 3 States, $119M

Butler Area Sewer Authority, PA
Wastewater

- Amended $230 million purchase price
- ~15,000 equivalent customer connections
- **Closed on October 29, 2024**

Under Agreement*
As of October 30, 2024

~43,400 Customer Connections
22 Acquisitions in 8 States, $169M



Silver Creek, IN
Water

- $45 million purchase price
- ~8,000 equivalent customer connections
- Received regulatory approval on September 5, 2024; closing expected mid-November 2024

More than 1.5 Million Customer Connections in Pipeline

** Excludes Towamencin Township's Wastewater System, the sale of which was terminated on October 15, 2024; represented $104 million and 6,300 customers.*

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M. Susan Hardwick

Chief Executive Officer

Investing in AWK as a Premium, Pure-Play U.S. Regulated Water and Wastewater Utility

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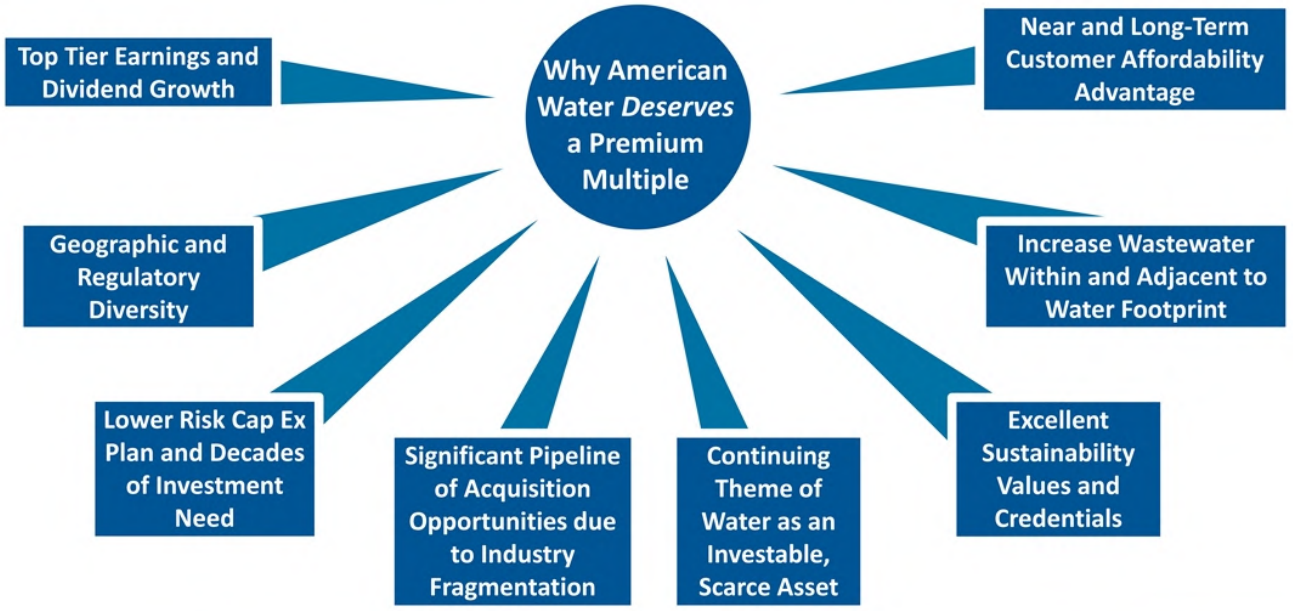

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Q&A Session

INVESTOR RELATIONS CONTACTS

AMERICAN WATER

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UPCOMING EVENTS

EEI Financial Conference	November 10-12, 2024
Q4 2024 & Year-End Earnings Call	February 20, 2025 (projected)

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Appendix

Forward Looking Statements

Certain statements made, referred to or relied upon in this presentation including, without limitation, 2024 and 2025 earnings guidance, the Company's long-term financial, growth and dividend targets, the ability to achieve the Company's strategies and goals, customer affordability and acquired customer growth, the outcome of the Company's pending acquisition activity, the amount and allocation of projected capital expenditures and its capital recovery outlook, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included in this presentation as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; the company's plans and efforts to protect and remediate its computer networks and systems following the company's October 3, 2024 cybersecurity incident, and the impacts of such incident on the company and/or its financial condition and results of operations; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics (including COVID-19) and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures related thereto, including with respect to the company's reported October 3, 2024 cybersecurity incident; the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the Company's capital requirements; the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers; the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations; the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations, the Company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government, and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due, and the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations; cost overruns relating to improvements in or the expansion of the Company's operations; the Company's ability to successfully develop and implement new technologies and to protect related intellectual property; the Company's ability to maintain safe work sites; the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax); and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the Company's ability to retain and attract highly qualified and skilled employees and/or diverse talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this presentation. American Water does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

2024 and 2025 Earnings Guidance (Non-GAAP)

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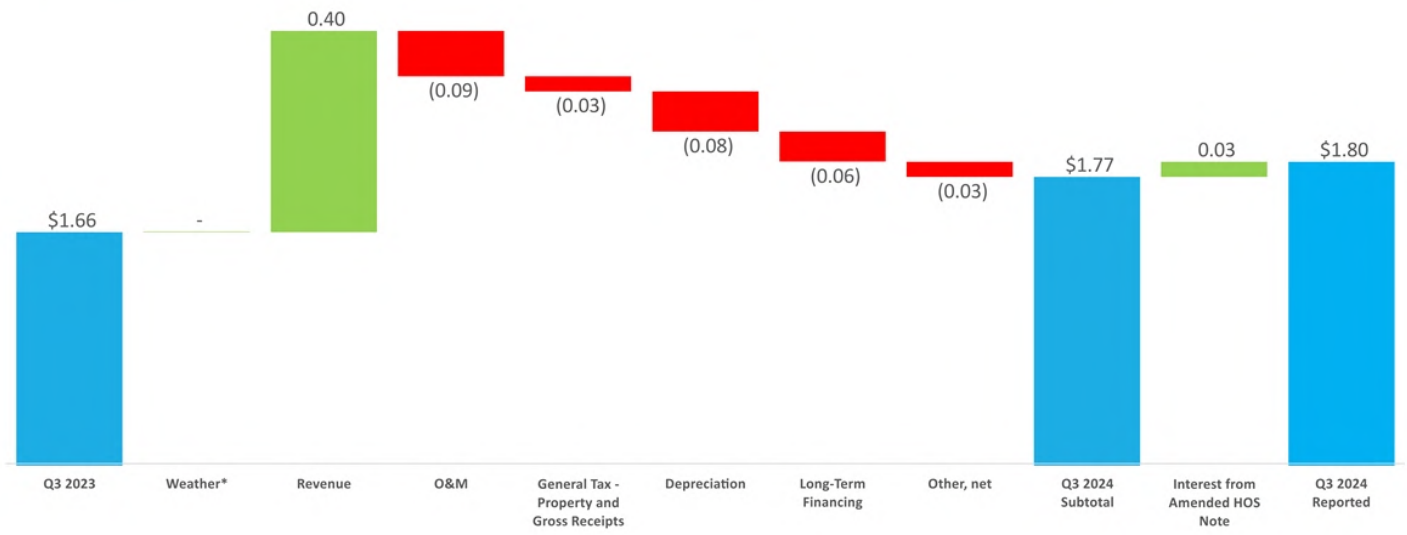
This presentation includes a description of American Water's 2024 and 2025 earnings guidance ranges, and its expected 2024 dividend payout ratio, excluding the incremental $0.10 per share of interest to be recognized from the amended HOS seller note. This information would constitute "non-GAAP financial measures" under SEC rules. They are derived from American Water's consolidated financial information but are not presented in financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). This information supplements American Water's GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes this information is useful to American Water's investors because it excludes an item not reflective of its ongoing operating results and the presentation will allow investors to understand better the operating performance of American Water's regulated businesses. Although management will use this information internally to evaluate American Water's results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend this information to represent future results as defined by GAAP, and investors should not consider it as such. In addition, this information may not be comparable to similar presentations by other companies, and, accordingly, it may have significant limitations in its use.

Details of Third Quarter 2024 EPS



** Includes weather of $0.04 per share net favorable in 2024 and $0.04 per share net favorable in 2023.*

2024 EPS Guidance of $5.25 to $5.30 Affirmed at Top Half of Previous Range

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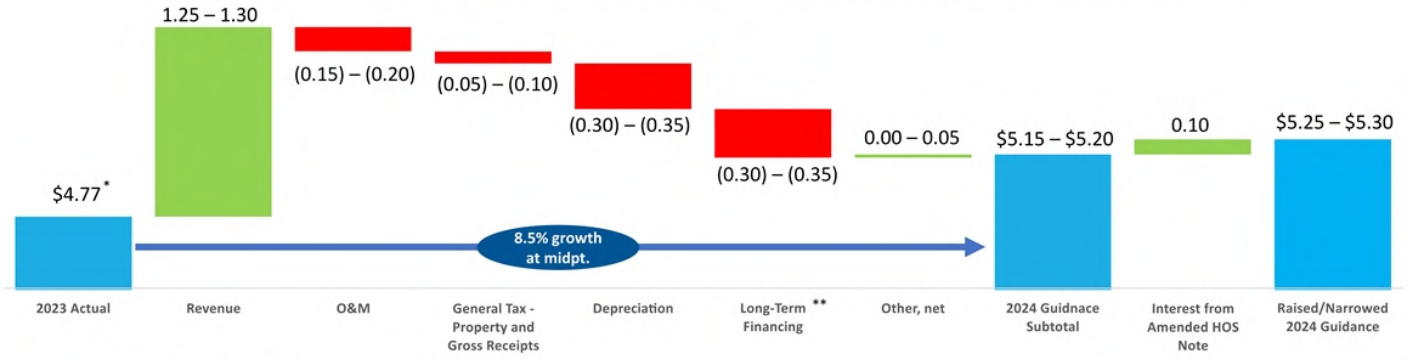
2024 Outlook

- ✓ **Continue to expect 8.5% EPS growth in 2024 (at midpoint) vs. 2023 on a weather-normalized basis as a result of lower than expected declines in customer usage**
  - **Incremental $0.10 per share of interest income is additive annually in 2024-2026**
- ✓ Revenue growth in base rates and in infrastructure mechanisms driven by capital investment
- ✓ Focus on customer affordability by continuing to drive effective and efficient cost management strategies
- ✓ 2024 EPS guidance was raised in February by $0.10 to reflect the Feb. 2024 amendment of the note receivable related to the Dec. 2021 sale of HOS and successful earn-out of $75M contingent consideration



** Excludes weather of $0.13 per share net favorable in 2023 ($0.07 in Q2, $0.04 in Q3, $0.02 in Q4).*
*** Reflects ($0.06) per share of share count dilution.*

Top Tier Dividend Growth Continued in 2024

8.1% Increase Aligns with Long-Term Target

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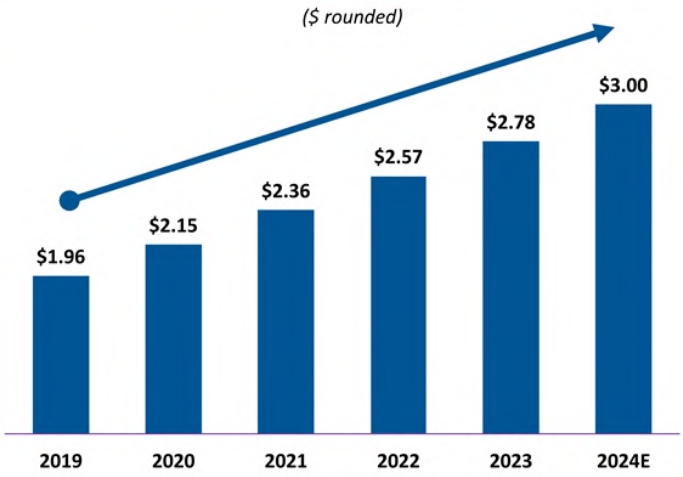
AWK's Strong and Consistent Dividend Growth*



Total Dividend Payout Ratio

Projected as of December 31, 2024
58%

Long-Term Target
55-60%

Note: Annual 2024 cash dividends per share of $3.00 over weather-normalized 2024 EPS guidance midpoint of $5.18, which excludes the $0.10 incremental interest from amended HOS seller note. Projected dividend payout ratio would be 57% including such incremental interest.

** Future dividends are subject to approval of the American Water Board of Directors.*

Successfully Completed 2024 Financing Plan

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- ☑ Successfully completed our long-term debt financing for the year with issuance of Senior Notes
- ☑ **Issuance demonstrates effective execution in a challenging interest rate environment to fund growth and manage financing costs**

Successfully Executed $1.4 Billion Senior Note Offering	
Issuer	American Water Capital Corp.
Pricing Date	February 20, 2024
Tenor	10yr & 30yr Senior Unsecured
Size	$700M & $700M
Annual Interest Rate	5.15% & 5.45%

State Legislation & Regulation Enable Growth

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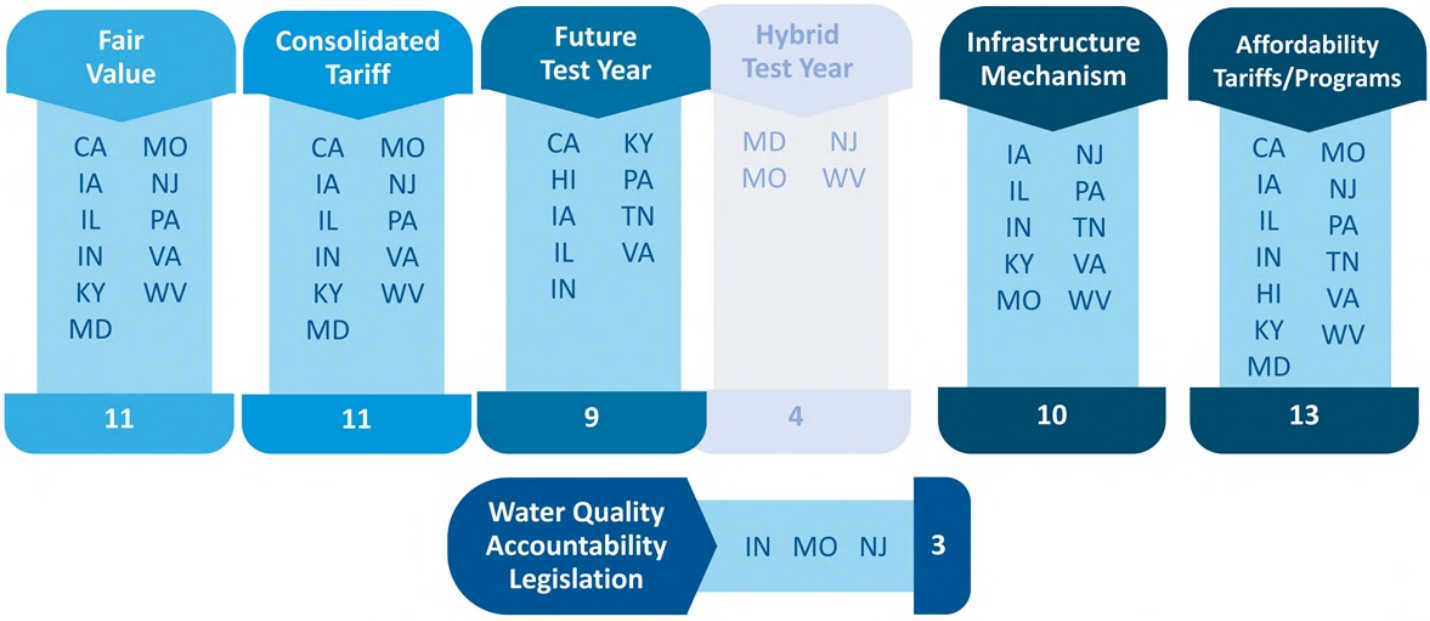

U.S. EPA PFAS Rule Announced on April 10, 2024

Largely unchanged from proposed rule

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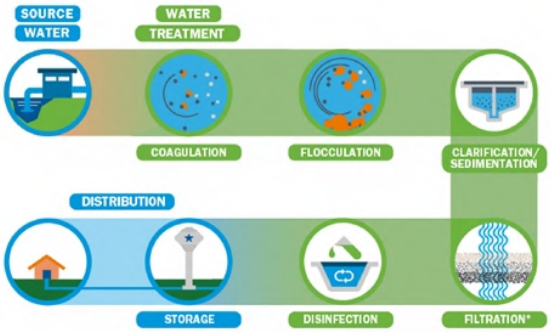
Final Federal PFAS Rule Recap

- Drinking water limits of 4.0 parts per trillion (ppt) for PFOA and PFOS unchanged vs. proposed rule
  - Limits set for three additional PFAS
- Five years to comply versus three years in the proposed rule (2029 versus 2027)
- U.S. EPA designated PFOA and PFOS as hazardous substances under CERCLA through a separate rulemaking in April. The Company is actively advocating and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS.
- **American Water's estimates ~$1B of capital and up to ~$50M annually for operating expenses**



*Includes PFAS treatment

PFAS Litigation Recap

- American Water is a party to the Multi-District Litigation (MDL) lawsuit against several PFAS manufacturers.
- In Dec. 2023, we decided to remain a party to two settlements, which we believe is the best path for our customers.
  - In Feb. and Mar. 2024, the MDL court approved settlements with DuPont and 3M, respectively; the amount of proceeds to be received from each settlement is pending.

Lead Service Lines Remain in Focus

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Review of U.S. EPA's Lead and Copper Rule Improvements Rule

- On October 8, 2024, the United States Environmental Protection Agency (EPA) announced final Lead and Copper Rule Improvements (LCRI).
- The LCRI includes requirements related to (1) achieving lead replacement by the end of 2037, 10 years from the Compliance Date; (2) locating legacy lead pipes; (3) improving tap water sampling; (4) lowering the lead action level; and (5) strengthening protections to reduce exposure.
- American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead service lines over time is the right thing to do for the health and safety of our customers.
- Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.
- We believe all stakeholders must understand the costs associated with the proposed improvements to the Lead and Copper Rule and that the EPA estimates are likely understated. The cost to identify the material of all unknown service lines and replace all lead service lines and galvanized lines, where needed, by 2037 will require significant investment for all water systems.

Utility-owned vs. Customer-owned Portion of the Service Line

Please note: This diagram is a generic representation. Variations may apply.

- American Water is in the process of reviewing the specific requirements of the LCRI to determine capital expenditures and operating costs. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

Military Services Group Provides Strategic Value

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Military Services Group

- Regulated-like earnings
- Favorable ROI opportunity
- Capital light / cash flow positive
- Positive branding
- Leverage core competencies
- Dual wins for AWK & U.S. ESG values

Currently Serving 18 Military Installations

- 12 Army
- 5 Air Force
- 1 Navy
- 0 Marine Corps

70 Additional Installation Opportunities

- 15 Army
- 23 Air Force
- 19 Navy
- 13 Marine Corps

Closed Acquisitions

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September 30, 2024

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
New Jersey	2	2,300	2,300	4,600
Virginia	2	1,400	1,400	2,800
Illinois	1	-	26,000	26,000
Total	5	3,700	29,700	33,400

Oct. 1 – Oct. 30, 2024

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	1	-	15,000	15,000
Total	1	-	15,000	15,000

Acquisitions Under Agreement

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October 30, 2024

STATE	NUMBER OF SYSTEMS	WATER CUSTOMER CONNECTIONS	WASTEWATER CUSTOMER CONNECTIONS	TOTAL CUSTOMER CONNECTIONS
Pennsylvania	12	8,300	9,100	17,400
California	4	1,600	-	1,600
Indiana	1	8,000	-	8,000
Illinois	1	-	5,700	5,700
West Virginia	1	-	4,600	4,600
New Jersey	1	-	4,300	4,300
Maryland	1	1,700	-	1,700
Missouri	1	100	-	100
Total	22	19,700	23,700	43,400

Annualized Revenue from Rate Proceedings

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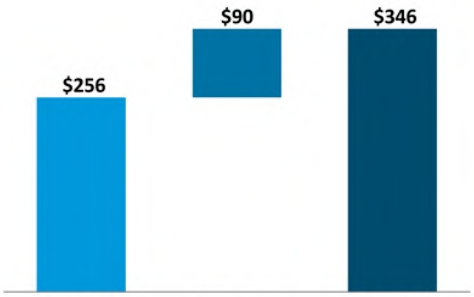
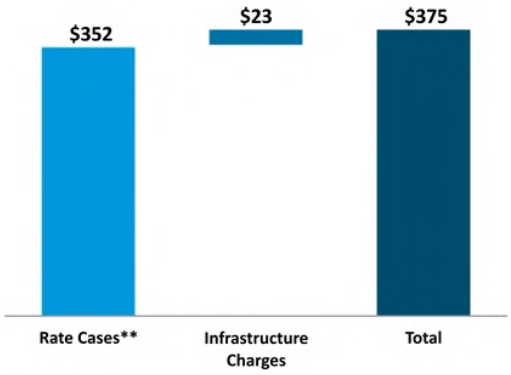
($ in millions)

Rate Filings Completed*
Effective since January 1, 2024



Requested Revenue in Pending Rate Proceedings



** Annualized revenue increase for rates effective since January 1, 2024*
*** Excludes revenue already approved through infrastructure mechanisms*

Rates Effective Since…

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January 1, 2024

($ in millions)

Rate Cases & Step Increases	Date Effective	Annualized Revenue Increases
Indiana, Step Increase	2/21/2024	$25[a]
West Virginia	2/25/2024	18[b]
Kentucky	5/3/2024	11[c]
Indiana, Step Increase	5/10/2024	23[a]
Pennsylvania	8/7/2024	99[d]
New Jersey	9/15/2024	80[e]
	Sub-Total	**$256**

Infrastructure Charges	Date Effective	Annualized Revenue Increases
Illinois (QIP)	1/1/2024	$5
Missouri (WSIRA)	1/20/2024	26
West Virginia (DSIC/WSIC)	3/1/2024	7[b]
Iowa (QIP)	3/1/2024	1
Pennsylvania (DSIC)	4/1/2024	7
New Jersey (DSIC)	4/30/2024	9
Pennsylvania (DSIC)	7/1/2024	14
Missouri (WSIRA)	7/11/2024	21
	Sub-Total	**$90**
	Total	**$346**

a) The Company's Indiana subsidiary was authorized annualized revenues of $24.96 million for Step 1, this excludes the $40.5 million for infrastructure surcharges. This excludes the Step 2 rate increase which became effective May 10, 2024 in the amount of $22.5 million and Step 3 rate increase which will be effective in May 2025 in the amount of $18.8 million. The total revenue requirement for the three step rate case cycle is $66.3 million.

b) The Company's West Virginia subsidiary was authorized additional annualized revenues of $18.4 million, excluding the reductions in revenues for infrastructure surcharges in the amount of $6.9 million. After clarification, the Commission directed the Company to interpret the DSIC Order as having included the amortization within the DSIC, which increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

c) On May 3, 2024, the Company's Kentucky subsidiary was authorized additional annualized revenues of $10.6 million. Interim rates were effective February 6, 2024, and the difference between interim and final Commission approved rates are subject to refund with interest no later than August 26, 2024. On May 16, 2024, the Company's Kentucky subsidiary filed a petition requesting a rehearing of the Commission's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the Commission's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary, which if adjusted would produce annual revenues of $18.1 million. The petition for rehearing also requested that any revisions become effective February 6, 2024, with any difference between the adjusted amount and initial approved rates subject to refund or collection. On May 28, 2024, the Commission granted the rehearing request, and the Company expects resolution of this proceeding later in 2024.

d) The Company's Pennsylvania subsidiary has authorized additional annualized revenues of $99.3 million, excluding reductions in revenues for infrastructure surcharges in the amount of $19.65 million.

e) The Company's New Jersey subsidiary has authorized additional annualized revenues of $79.5 million, this excludes the $41.9 million for infrastructure surcharges.

Pending Rate Case Filings

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($ in millions)

Rate Cases Filed	Docket/Case Number	Date Filed	Requested Revenue Increase	ROE Requested	Rate Base
California [a]	Case No. A.22-07-001	7/1/2022	$37	NA	$921
Illinois [c]	Docket No. 24-0097	1/25/2024	140	10.75%	2,215
Iowa [d]	Docket No. RPU-2024-0002	5/1/2024	21	10.75%	258
Tennessee [e]	Docket No. 24-00032	5/1/2024	14	10.75%	305
Missouri [f]	Docket No. WR-2024-0320	7/1/2024	123	10.75%	3,185
Hawaii	Docket No. 2024-0038	8/2/2024	2	10.67%	53
Rate Case Awaiting Regulatory Approval		**Sub-Total**	$337		$6,937
Virginia [b]		11/1/2023	$15		
Infrastructure Surcharges Filed			$15		
West Virginia (DSIC/WSIC)		6/28/2024	$4		$44
Kentucky (QIP)		8/30/2024	2		21
Missouri (WSIRA)		9/3/2024	17		151
		Sub-Total	$23		$216
		Total	$375		$7,153

a) The Company's California subsidiary has requested additional annualized revenues of $55.8 million for test year 2024. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $19.5 million and $19.8 million. The total revenue requirement request, based on present rates effective at the time of filing, for the three year rate case cycle is $95.1 million. The Company updated its filing in January 2023 to incorporate a decoupling proposal, the revised requested additional annualized revenues for the test year 2024 is $36.5 million. This excludes the proposed step rate and attrition rate increase for 2025 and 2026 of $20.1 million and $19.8 million. The total revenue requirement request for the three year rate case cycle, incorporating updates to present rate revenues and forecasted demand, is $76.4 million. On August 27, 2024, a proposed decision was issued in the proceeding which, among other provisions, recommended adoption by the CPUC of the partial settlement agreement, recommended denial of the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism, and its currently effective Annual Consumption Adjustment Mechanism. On September 16, 2024, and September 23, 2024, the California subsidiary submitted comments in the proceeding continuing to support its position and recommending the CPUC revise the proposed decision to approve the Water Resource Sustainability Plan decoupling mechanism and maintain the Annual Consumption Adjustment Mechanism. The CPUC will consider the proposed decision and all responsive comments and will issue a final decision in the proceeding, which has been held to December 5, 2024

b) Interim rates were effective on May 1, 2024, and the difference between interim and final Commission approved rates are subject to refund. On September 20, 2024 the Company filed a stipulation of settlement which agreed upon a $14.6 million annualized increase in revenues. The stipulation includes a 9.7% return on equity and a capital structure with 45.67% equity and 54.33% debt and other components.

c) In its rebuttal filing on June 20, 2024, the Company's Illinois subsidiary updated its filed position, with a request for additional annualized revenues of $139.9 million, this excludes $5.1 million for infrastructure surcharges. This also excludes the proposed step 2 rate increase proposed to be effective in Jan 2026 in the amount of $15.7 million. The total revenue requirement request, based on present rates effective at the time of filing, for the two step rate case cycle is $155.6 million. The Company's original filed position was a request for additional annualized revenues of $131.6 million for Step 1 and $15.7 million for Step 2, excluding infrastructure surcharges, totaling $147.3 million.

d) The Company's Iowa subsidiary has requested additional annualized revenues of $20.8 million, this excludes the $0.9 million for infrastructure surcharges.

e) The Company's Tennessee subsidiary has requested additional annualized revenues of $14.1 million, this excludes the $17.5 million for infrastructure surcharges.

f) The Company's Missouri subsidiary had originally requested additional annualized revenues of $148.1 million to recover investment through May 2026; this excludes $47.5 million for infrastructure surcharges. After the original filing, the Commission issued an Order establishing the test year to include true-up through December 31, 2024, and allowing parties to propose adjustments through May 2025. In response, the Company has filed Supplemental Testimony which revises the Company's revenue request to $123.2 million; this excludes $47.5 million for infrastructure surcharges.

Regulatory Information – Top 10 States

AMERICAN WATER

	CALIFORNIA	ILLINOIS	INDIANA	KENTUCKY	MISSOURI
Authorized Rate Base*	$667,632[g]	$1,642,200	$1,723,927	$489,426	$2,318,849[c]
ROE	10.20%[a]	9.78%	9.65%	9.70%	9.75%[d]
Equity	57.04%[a]	49.00%	54.77%[b]	52.22%	50.00%[e]
Effective Date of Rate Case	1/1/2021[g]	1/1/2023	5/10/2024	5/3/2024[h]	5/28/2023

	NEW JERSEY	PENNSYLVANIA	TENNESSEE	VIRGINIA	WEST VIRGINIA
Authorized Rate Base*	$5,050,637	$5,823,752	$132,015	$275,038[c]	$886,313
ROE	9.60%	9.45%	10.00%	9.70%	9.80%
Equity	55.00%	55.30%	34.38%	40.73%	50.12%
Effective Date of Rate Case	9/15/2024	8/7/2024	11/1/2012	4/24/2023[f]	2/25/2024

**Rate Base stated in $000s*

a) On June 29, 2023, Decision 23-06-025 set the authorized cost of capital through 2024. CA has a separate Cost of Capital case which sets the rate of return outside of a general rate proceeding. The decision established an ROE of 8.98% effective 30-days after the decision date. On June 30, 2023, the Company filed to implement an automatic ROE adjustment to 9.50% for 2023 based on the Commission approved Water Cost of Capital Adjustment Mechanism (WCCM), which was approved on July 25, 2023, increasing the return on equity to 9.50%, effective July 31, 2023. On October 16, California American Water filed a request to increase the ROE to 10.2% for 2024, which was approved on November 15, 2023, effective January 1, 2024.
b) The Authorized Equity excludes cost-free items or tax credit balances at the overall rate of return which lowers the equity percentage as an alternative to the common practice of deducting such items from rate base.
c) The Authorized Rate Base listed is the Company's view of the Rate Base allowed in the case; the Rate Base was not disclosed in the Order or the applicable settlement agreement.
d) The ROE is the Company's view of the ROE allowed in the case; however, the ROE was not disclosed in the Order or the applicable settlement agreement.
e) The equity ratio listed is the Company's view of the equity ratio allowed in the case; the actual equity ratio was not disclosed in the Order or the applicable settlement agreement.
f) Interim rates were effective May 1, 2022 and received final Order April 24, 2023.
g) The Rate Base and Effective date are based off of Year 1 of the rate case. Annual adjustments are made for Year 2 and 3 which reflect authorized capital improvements for Rate Base and inflationary adjustments for O&M.
h) Interim rates were effective February 6, 2024, and final order was received May 3, 2024. Rehearing request is currently pending.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Approval of Order Following Rehearing Request in Kentucky-American Water Company ("Kentucky American Water") General Rate Case

As previously disclosed, on May 16, 2024, Kentucky American Water, a wholly owned subsidiary of American Water Works Company, Inc., filed a petition for rehearing of an order (the "Original Order") issued by the Kentucky Public Service Commission (the "KPSC") with respect to Kentucky American Water's June 30, 2023 water rate adjustment request. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17.3 million annualized increase in water revenues, an increase of $6.7 million from the Original Order approving a $10.6 million annualized increase in water revenues. New rates provided in the Final Order were effective November 6, 2024.

A copy of the press release issued by Kentucky American Water on November 12, 2024, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated November 12, 2024, issued by Kentucky American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 12, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

KENTUCKY AMERICAN WATER

Kentucky American Water Receives Approval for New Rates from Kentucky Public Service Commission

Supports $330 Million in System Investments

Lexington, Ky., (November 12, 2024) – The Kentucky Public Service Commission (PSC) has issued an order approving adjusted water rates for Kentucky American Water following the company's June 2023 request for a rate adjustment and a previous PSC order in the case issued on May 3, 2024. The request was driven by $330 million in completed or planned water system investments made since the PSC last adjusted the company's base rates for water service in 2019. These improvements include replacement of aging pipe, water treatment plant upgrades and system resiliency projects that will help Kentucky American Water continue the provision of clean, safe and reliable service for customers.

The rate order for the June 2023 rate case approves an overall increase in water rates of approximately $17.3 million.

"Kentucky American Water is committed to making the needed infrastructure improvements across our service areas so we can continue to provide the high level of safety, service, and reliability that our customers expect and deserve," said Kathryn Nash, president, Kentucky American Water. "In addition, we will continue to remain focused on opportunities for greater efficiencies to help maintain affordable rates for customers."

An interim adjustment in rates, based on those the company proposed in its June 2023 filing, became effective on February 6, 2024. The PSC adjusted the interim rates in its May 2024 order. Because the May decision represented a reduction in the interim rates implemented in February 2024, the company issued to customers credits for the difference, including interest, using the Federal Reserve's "bank prime loan" rate.

The PSC then issued on Nov. 6 a subsequent order resulting in additional rate adjustment.

Kentucky American Water reminds customers facing circumstances that are stretching their financial resources about its bill paying assistance programs that include payment plans, budget

Press Release

KENTUCKY AMERICAN WATER

billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website. For tips on how to reduce your water bill by conserving water, visit the Wise Water Use page on website at https://www.amwater.com/kyaw/Water-Wastewater-Information/wise-water-use.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Kentucky American Water
Kentucky American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water and wastewater services to approximately 560,000 people.

AWK-IR

Media Contact:
Susan Lancho
Senior Manager, External and Government Affairs
859-268-6332
Susan.lancho@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 5, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Illinois Commerce Commission (the "ICC") Issuance of Final Order in Illinois-American Water Company ("Illinois American Water") General Rate Case

At a public meeting on December 5, 2024, the ICC issued a final order (the "Order") approving the adjustment of base rates requested in a general rate case originally filed on January 25, 2024 by Illinois American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). As updated in Illinois American Water's June 20, 2024 rebuttal filing, the request sought a two-step increase in additional annualized revenues, consisting of a first step of $140 million in additional annualized revenues in 2025, excluding previously recovered infrastructure surcharges of $5 million, and a second step of $16 million in additional annualized revenues in 2026. The Order approved a single increase of $110.6 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity ("ROE") of 9.84%, authorized rate base of $2.19 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%, compared to an authorized ROE of 9.78%, authorized rate base of $1.64 billion, an equity component of 49.00% and a debt component of 51.00%, all as approved in Illinois American Water's last general rate case effective January 1, 2023. The Order denied the second step increase of $16 million. The increase is expected to take effect January 1, 2025, and is being driven primarily by approximately $557 million in capital investments made and to be made by Illinois American Water from January 2024 through December 2025.

A copy of the press release issued by Illinois American Water on December 6, 2024 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated December 6, 2024, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: December 6, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Exhibit 99.1

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Granted New Rates by Illinois Commerce Commission

Increase Driven by Approximately $557 Million in System Investments

Belleville, Ill. (Dec. 6, 2024) The Illinois Commerce Commission (ICC) issued an order Thursday approving new water and wastewater base rates for Illinois American Water, driven primarily by $557 million in capital investments in 2024 and 2025. The rate change request was filed on January 25, 2024.

“By making prudent, ongoing necessary investments to maintain and upgrade our water and wastewater systems, Illinois American Water is committed to the safety and reliability of our water and wastewater systems in the communities we serve,” said Rebecca Losli, Illinois American Water president.

The new rates will be effective January 1, 2025. The approved increase will result in a total annualized revenue increase of approximately $110.6 million and will support continued investment in critical water and wastewater infrastructure throughout the state, including the replacement, lining and installation of approximately 44 miles of aging water and wastewater pipelines. Investments also include upgrading water and wastewater treatment plants to maintain and meet regulatory compliance, storage tanks, wells, pumping stations, fire hydrants, meters and manholes across the state and ongoing replacement of customer lead service lines.

The rate order covers $421 million in water system infrastructure improvements and $136 million in wastewater system infrastructure improvements to be made over two years, from January 2024 to December 2025.

The amount of the rate change customers will experience will vary among the company’s operating districts. The monthly water service bill for the typical residential customer using 3,500 gallons per month with a 5/8-inch meter will increase approximately $16 per month and the typical residential wastewater bill will increase approximately $8.50 per month.

In addition, the ICC approved Illinois American Water’s request to expand the income-based discount tariff. Qualifying income-eligible customers will need to apply for the discount and provide the required income information when the expanded program is implemented.

Press Release

ILLINOIS AMERICAN WATER

Information about the program will be communicated to customers. Illinois American Water also offers customer assistance through the company's non-income-based H_2O Help to Others program, payment plans and budget billing. More information can be found on the company's website here.

Customers will receive information about the new rates on their Illinois American Water bill. Information will also be available on the company's website at amwater.com/ilaw, under Customer Service & Billing, Your Water and Wastewater Rates.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.4 million people. American Water also operates a quality control and research laboratory in Belleville.

AWK-IR

MEDIA CONTACT
Anna Kubas
Senior Manager, External Communications
Illinois American Water
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 5, 2024

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Approval of Final Decision in California-American Water Company's ("Cal Am") General Rate Case

At a public meeting held on December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023 in Cal Am's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.2%, as reflected in the attachments to the final decision, the decision provides incremental annualized water and wastewater revenues of $20.9 million in the 2024 test year, and an estimated $15.9 million in the 2025 escalation year and $15.9 million in the 2026 attrition year. New rates will be implemented retroactively to January 1, 2024. In addition, the CPUC denied Cal Am's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. Cal Am intends to evaluate filing an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism. Cal Am is a wholly owned subsidiary of American Water Works Company, Inc. (the "Company").

A copy of the press release issued by Cal Am on December 6, 2024, regarding the CPUC's final decision has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on February 14, 2024, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the resolution by the CPUC of any issue as to which Cal Am files an application for rehearing; (2) the occurrence of benefits to Cal Am arising from the CPUC's final decision; (3) unexpected costs, liabilities or delays associated with the resolution of any such application for rehearing filed by Cal Am; (4) regulatory, legislative, local, municipal or other actions adversely affecting Cal Am specifically or the water and wastewater industries generally, including with respect to the potential condemnation of Cal Am's water system assets located on the Monterey peninsula; and (5) other economic, business and other factors.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Cal Am's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated December 6, 2024, issued by California-American Water Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: December 6, 2024

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

CALIFORNIA AMERICAN WATER

California Public Utilities Commission Approves and Adopts Partial Settlement in California American Water's General Rate Case

SACRAMENTO, Calif. – Dec. 6, 2024 – The California Public Utilities Commission (CPUC) approved and adopted a partial settlement agreement in California American Water's General Rate Case at its meeting on December 5, 2024. The decision adopts a partial settlement between California American Water and the CPUC's Public Advocates Office.

The decision provides incremental annualized water and wastewater revenues of approximately $20.9 million in test year 2024, approximately $15.9 million for escalation year 2025 and approximately $15.9 million for attrition year 2026. The Commission's decision is retroactive to January 1, 2024. California American Water expects to implement new rates in February 2025.

The decision also authorizes $390 million in new infrastructure investment to maintain high-quality water and wastewater service. These investments include upgrades to distribution systems, treatment facilities, storage tanks and pump stations, and are necessary to maintain and improve water quality, reliability, fire protection as well as customer service for the communities served by California American Water.

In its application, California American Water proposed to continue full rate decoupling and sales adjustment mechanisms that promote affordability and conservation-oriented rate design.

The CPUC's decision includes approval of an important sales adjustment mechanism, which reflects the understanding that water sales forecasting is difficult and should be adjusted annually to reflect current data. The decision does not recognize the importance of a decoupling mechanism in promoting affordable rates and conservation. Decoupling separates water revenue from water sales volume and is commonly used by energy utilities. In 2022, the Legislature passed SB 1469, which expressed a clear legislative intent in support of decoupling for CPUC regulated water utilities. In 2024, the California Supreme Court struck down the CPUC's prohibition on the use of decoupling by water utilities. California American Water intends to evaluate filing an application for rehearing with the CPUC and is exploring other avenues to help ensure that customers can achieve the affordability and conservation benefits associated with decoupling and sales adjustments mechanisms.

"The CPUC's decision overlooks the importance of decoupling to allow California American Water to be a leader in ensuring affordable rates and promoting conservation for our customers," said California American Water President Kevin Tilden. "This mechanism, widely used by energy utilities and proven effective, has strong support

Press Release

CALIFORNIA AMERICAN WATER

from state legislators."

As part of the settlement, California American Water received adjustments strengthening its Customer Assistance Program. Discounts increased from 20 percent to 25 percent off the typical bill for qualified residential customers in Northern and Southern California and from 30 percent to 35 percent for qualified customers in Central California. Information about the Customer Assistance Program and customer applications as well as information about other assistance programs can be found at www.californiaamwater.com under Customer Service & Billing, Bill Paying Assistance.

Rate cases are proceedings used to address the capital investment needed for infrastructure, the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. Large, regulated water utilities like California American Water are required by law to file a General Rate Case every three years with the CPUC to set revenues and rates.

Customers will receive specific information about rates in their bill in each of California American Water's water and wastewater service areas, as well as information about customer assistance and conservation programs. Specific information will also be available on the company's website at www.californiaamwater.com under Customer Service & Billing, Water and Wastewater Rates.

Cautionary Statement Concerning Forward-Looking Statements
Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the outcome of California American Water's application for rehearing and the effective date of new water and wastewater rates. These statements are based on the current expectations of management of California American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) the resolution by the CPUC of any issue as to which California American Water files an application for rehearing; (2) the occurrence of benefits to California American Water arising from the CPUC's decision; (3) unexpected costs, liabilities or delays associated with the resolution of any such application for rehearing filed by California American Water; (4) regulatory, legislative, local, municipal or other actions adversely affecting California American Water specifically or the water and wastewater industries generally, including with respect to the potential condemnation of California American Water's water system assets located on the Monterey peninsula; and (5) other economic, business and other factors.

Press Release

CALIFORNIA AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About California American Water
California American Water, a subsidiary of American Water, provides high-quality and reliable water and wastewater services to approximately 700,000 people. For more information, visit www.californiaamwater.com and follow California American Water on LinkedIn, Facebook, X, and Instagram.

AWK-IR

MEDIA CONTACT:
Evan Jacobs
Sr. Director, Business Development & External Affairs
707-495-6135
evan.jacobs@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 19, 2025

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 19, 2025, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2024. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated February 19, 2025, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 19, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

February 19, 2025

Investor Contact:
Aaron Musgrave
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AMERICAN WATER REPORTS 2024 RESULTS ON TRACK AFFIRMS LONG-TERM GROWTH TARGETS CEO HARDWICK TO RETIRE IN MAY; GRIFFITH TO ASSUME CEO ROLE

- **Reported 2024 earnings of $5.39 per share, compared to $4.90 per share in 2023**
  - **2024 earnings, weather-normalized and excluding incremental interest from amended HOS seller note, of $5.18 per share, compared to $4.77 per share in 2023, an 8.6% year over year increase**
- **Delivered dividend growth of 8.1% for the year**
- **Invested $3.3 billion in capital in 2024 to address aging infrastructure, water quality, resiliency and closed acquisitions**
- **Added nearly 90,000 customer connections, of which 69,500 were through closed acquisitions**
- **Affirmed long-term EPS and dividend growth targets of 7-9%**
- **CEO M. Susan Hardwick to retire May 14, 2025, and John Griffith, President of American Water, to succeed Hardwick**

CAMDEN, N.J., February 19, 2025 - American Water Works Company, Inc. (NYSE: AWK) today reported earnings of $1.22 per share for the fourth quarter 2024 compared to $0.88 per share in 2023, and full year earnings in 2024 of $5.39 per share compared to $4.90 per share in 2023.

“American Water once again successfully executed on its guidance and plan, including industry-leading earnings and dividend growth in 2024. We invested $3.3 billion in regulated operations, led by infrastructure renewal, and the completion of 13 acquisitions which added nearly 70,000 customers, achieving the company’s 2% acquisition annual growth target,” said John Griffith, president of American Water.

“American Water continues to be the leader in all aspects of the water and wastewater utility industry and is the only pure play, large-cap water utility in the U.S.,” said M. Susan Hardwick, CEO of American Water. “We believe this is a mission-driven business and, what’s important is to deliver safe, clean, reliable, and affordable water and wastewater services to those we currently serve and to even more people in this country,” added Hardwick.

2025 Earnings Per Share (“EPS”) Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2025 EPS guidance range of $5.65 to $5.75, which includes approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of the former Homeowner Services Group (“HOS”). The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results

For the three and twelve months ended December 31, 2024, earnings per share were $1.22 and $5.39, respectively, compared to $0.88 and $4.90 per share in the same periods in 2023. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for the three and twelve months ended December 31, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.05 and $0.12 per share, respectively. Results for the three and twelve months ended December 31, 2023, reflect the net favorable impact of weather compared to normal, estimated at $0.02 and $0.13 per share, respectively. Results for the three and twelve months ended December 31, 2024, include incremental interest income of $0.02 and $0.09 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

In 2024, the company invested $3.3 billion in infrastructure improvements and growth, including $417 million for regulated acquisitions.

Regulated Businesses

In the fourth quarter of 2024, the Regulated Businesses' net income was $250 million, compared to $188 million for the same period in 2023. For the full year 2024, the Regulated Businesses' net income was $1.1 billion, compared to $971 million in 2023.

Operating revenues increased $132 million and $376 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023. The increases in operating revenues were primarily a result of authorized revenue increases resulting from completed general rate cases and infrastructure proceedings to recover incremental capital and acquisition investments.

Since January 1, 2024, the company has been authorized additional annualized revenues of approximately $389 million from general rate cases, with $283 million effective in 2024 and $106 million effective in 2025. Further, approximately $113 million of additional annualized revenues from infrastructure surcharges have been authorized, with $90 million effective in 2024 and $23 million effective in 2025. The company has general rate cases in progress in four jurisdictions, reflecting a total annualized revenue request of approximately $161 million.

Operating expenses were higher by $30 million and $169 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023. Operating expenses were higher primarily due to an increase in employee-related costs, increased production costs, which include higher purchased water cost and usage, as well as general taxes associated with increased capital investment. Operating expenses also include depreciation expense, which was higher by $25 million and $79 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $15 million and $52 million for the three and twelve months ended December 31, 2024, respectively, as compared to the same periods in 2023, to fund capital investments.

Dividends

On December 6, 2024, the company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share of common stock payable on March 4, 2025, to shareholders of record as of February 7, 2025.

CEO Transition

American Water also announced today that M. Susan Hardwick will retire May 14, 2025, the date of the company's annual shareholder meeting. She will be succeeded by John C. Griffith, currently President of American Water. Hardwick joined American Water as CFO in 2019 as one of the utility industry's most seasoned and respected financial experts. In February 2022, she was named President and CEO.

"On behalf of the American Water Board of Directors, I thank Susan for her tremendous leadership over the past six years," said Karl Kurz, Chair of the American Water Board of Directors. "Under her leadership as CEO, the company solidified its position as a top tier performer on earnings and dividend growth, increased its ten-year capital plan to $42 billion to support decades of needed infrastructure renewal, and led American Water's efforts to help our country address water and wastewater challenges, closing over 100 acquisitions across 12 regulated states. She did all this while always living up to the company's values."

“John is an exceptional choice as CEO and he and the management team have the full confidence of the Board. John will continue American Water’s strong record of industry leadership and high performance,” Kurz continued. “Today’s news is a true reflection of our Board’s commitment to a robust succession plan to ensure American Water has a deeply experienced and strong leadership team for decades to come. The full leadership team is highly regarded, well experienced and will continue to serve all of American Water’s stakeholders well.”

John C. Griffith was named President of American Water in July of 2024. Griffith served as Executive Vice President and Chief Financial Officer of American Water since 2022. In his role, Griffith was responsible for all aspects of financial management and strategy, including finance strategy and planning, treasury, accounting, enterprise risk and internal audit, supply chain, control functions, and business development.

Prior to joining American Water, Griffith served as a Managing Director in Bank of America Securities’ Mergers & Acquisitions (M&A) group, leading the firm’s M&A practice for regulated utilities and renewable energy. Before joining Bank of America Securities in 2014, Griffith served as CEO of HighWave Energy, a start-up renewable fuels company. He also held multiple positions during a fourteen-year career with Merrill Lynch & Co., culminating as a Managing Director in M&A.

2024 Fourth Quarter and Year-End Earnings Conference Call

The conference call to discuss the fourth quarter and year-end 2024 earnings, 2025 EPS guidance, and affirmation of long-term targets will take place on Thursday, February 20, 2025, at 9 a.m. Eastern Standard Time. Interested parties may listen to an audio webcast through a link on the company’s Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water’s Investor Relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to over 14 million people with regulated operations in 14 states and on 18 military installations. American Water’s 6,700 talented professionals leverage their significant expertise and the company’s national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the “company” and “American Water” mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Non-GAAP Financial Measures

This press release includes a presentation of American Water’s 2024 earnings per share and 2025 earnings guidance range excluding the incremental interest income from the amended HOS note. These presentations constitute “non-GAAP financial measures” under SEC rules. The presentations are derived from American Water’s consolidated financial information but do not appear in financial statements prepared in accordance with generally accepted accounting principles (“GAAP”). These presentations supplement American Water’s GAAP disclosures and should be considered in addition to, and not in substitution of, measures of financial performance prepared in accordance with GAAP. Management believes these presentations are useful to American Water’s investors because they exclude an item not reflective of the company’s ongoing operating results and will allow investors to understand better the operating performance of American Water’s regulated businesses. Although management will use these presentations internally to evaluate American Water’s results of operations and to facilitate a meaningful year-to-year comparison thereof, management does not intend for them to represent future results as defined by GAAP, and investors should not consider them as such. In addition, these presentations may not be comparable to similar presentations by other companies, and, accordingly, they may have significant limitations in their use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2025 earnings guidance, the company’s long-term financial, growth and dividend targets, the ability to achieve the company’s strategies and goals, customer affordability and

acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances ("PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's former HOS business, including: the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due; and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to

support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes speak only as of the date of this press release. American Water does not have or undertake, and specifically disclaims, any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations

(In millions, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2024	2023	2024	2023
	(Unaudited)			
Operating revenues	$ 1,201	$ 1,032	$ 4,684	$ 4,234
Operating expenses:				
Operation and maintenance	519	472	1,858	1,720
Depreciation and amortization	207	181	788	704
General taxes	74	80	320	307
Other	1	—	—	(1)
Total operating expenses, net	801	733	2,966	2,730
Operating income	400	299	1,718	1,504
Other income (expense):				
Interest expense	(136)	(118)	(523)	(460)
Interest income	23	21	94	73
Non-operating benefit costs, net	5	6	28	32
Other, net	11	10	42	47
Total other income (expense)	(97)	(81)	(359)	(308)
Income before income taxes	303	218	1,359	1,196
Provision for income taxes	64	47	308	252
Net income attributable to common shareholders	$ 239	$ 171	$ 1,051	$ 944
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 0.88	$ 5.39	$ 4.90
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 0.88	$ 5.39	$ 4.90
Weighted-average common shares outstanding:				
Basic	195	195	195	193
Diluted	195	195	195	193

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 35,059	$ 32,189
Accumulated depreciation	(7,021)	(6,751)
Property, plant and equipment, net	28,038	25,438
Current assets:		
Cash and cash equivalents	96	330
Restricted funds	29	34
Accounts receivable, net of allowance for uncollectible accounts of $53 and $51, respectively	416	339
Income tax receivable	25	86
Unbilled revenues	315	302
Materials and supplies	103	112
Other	231	186
Total current assets	1,215	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,150	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,144	1,143
Other	399	416
Total regulatory and other long-term assets	3,577	3,471
Total assets	$ 32,830	$ 30,298

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,371,701 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,598	8,550
Retained earnings	2,112	1,659
Accumulated other comprehensive income (loss)	12	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,332	9,797
Long-term debt	12,518	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,521	11,718
Total capitalization	22,853	21,515
Current liabilities:		
Short-term debt	879	179
Current portion of long-term debt	637	475
Accounts payable	346	294
Accrued liabilities	791	791
Accrued taxes	156	67
Accrued interest	111	93
Other	230	252
Total current liabilities	3,150	2,151
Regulatory and other long-term liabilities:		
Advances for construction	383	352
Deferred income taxes and investment tax credits	2,881	2,717
Regulatory liabilities	1,416	1,481
Operating lease liabilities	76	73
Accrued pension expense	217	262
Other	277	196
Total regulatory and other long-term liabilities	5,250	5,081
Contributions in aid of construction	1,577	1,551
Commitments and contingencies		
Total capitalization and liabilities	$ 32,830	$ 30,298

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On February 22, 2025, American Water Works Company, Inc. (the "Company") agreed to a separation from service with Melanie M. Kennedy, Executive Vice President and Chief Human Resources Officer and a named executive officer of the Company, effective March 1, 2025, which will be subject to the terms of the Company's Executive Severance Policy. Ms. Kennedy joined the Company in 2007, and the Company thanks her for her long-tenured service.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 24, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 24, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events

Closing of Senior Notes Offering

On February 24, 2025, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. ("American Water"), agreed to sell $800 million aggregate principal amount of its 5.250% Senior Notes due 2035 (the "Notes") pursuant to an Underwriting Agreement, dated February 24, 2025, among AWCC, American Water, and BofA Securities, Inc., PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein. The Notes have the benefit of a support agreement, dated June 22, 2000 and amended as of July 26, 2000, from American Water (the "Support Agreement").

The Notes and the obligations of American Water represented by the Support Agreement were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File Nos. 333-277166-01 and 333-277166). At the closing of this offering on February 27, 2025, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $791.7 million. AWCC intends to use the net proceeds of the offering (1) to lend funds to American Water and its subsidiaries in its Regulated Businesses segment (which is comprised of utilities that provide water and wastewater services and are generally subject to regulation by state utility commissions or other entities engaged in utility regulation); (2) to repay at maturity $525.0 million aggregate principal amount of AWCC's 3.400% Senior Notes, which are due March 1, 2025; (3) to repay commercial paper obligations of AWCC; and (4) for general corporate purposes.

The Notes were issued pursuant to the Indenture, dated as of December 4, 2009, by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as supplemented by an officers' certificate establishing the terms of the Notes.

This Current Report on Form 8-K is being filed to report the closing of the offering summarized above and to include, as exhibits, certain documents executed in connection with the sale of the Notes.

Approval of Settlement in Virginia-American Water Company ("Virginia American Water") General Rate Case

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order (the "Order") approving the September 19, 2024 joint "black box" settlement of the general rate case filed by Virginia American Water, a wholly owned subsidiary of American Water. The Order approves the stipulated $14.6 million annualized increase in water and wastewater revenues. The original filing, made on November 1, 2023, requested a $19.7 million increase in annualized water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, Virginia American Water's view of its rate base is $369 million, compared to $275 million in its 2023 rate case. The Order also approved, solely for purposes of Virginia American Water's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity ("ROE") of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents Virginia American Water's view of its ROE and capital structure in this general rate case. The ROE approved in Virginia American Water's 2023 rate case order was 9.70%, the approved equity component was 40.73% and the approved debt and other component was 59.27%.

A copy of the press release issued by Virginia American Water on February 27, 2025 to announce the issuance of the SCC's order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated February 24, 2025, by and among AWCC, American Water, BofA Securities, Inc., PNC Capital Markets LLC and RBC Capital Markets, LLC, as representatives of the several underwriters named therein.
4.1*	Officers' Certificate of AWCC, dated February 27, 2025, establishing the terms of the Notes.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
99.1*	Press Release, dated February 27, 2025, issued by Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 27, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

$800,000,000 5.250% Senior Notes due 2035

Support Agreement from American Water Works Company, Inc.

Underwriting Agreement

February 24, 2025

BofA Securities, Inc.
PNC Capital Markets LLC
RBC Capital Markets, LLC
As representatives of the several Underwriters
named in Schedule I hereto
c/o BofA Securities, Inc.
One Bryant Park
New York, NY 10036
c/o PNC Capital Markets LLC
300 Fifth Avenue, 10th Floor
Pittsburgh, PA 15222
c/o RBC Capital Markets, LLC
Brookfield Place
200 Vesey St, 8th Floor
New York, NY 10281

Ladies and Gentlemen:

1. American Water Capital Corp., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, an aggregate of $800,000,000 principal amount of the Company's 5.250% Senior Notes due 2035 (the "**Securities**").

2. The Company previously entered into a support agreement with American Water Works Company, Inc., a Delaware corporation (the "**Parent**"), dated June 22, 2000 and amended as of July 26, 2000 (as such agreement may be hereinafter amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, the "**Support Agreement**"). Pursuant to the Support Agreement, the Parent has agreed, among other things, to provide funds to the Company if it is unable to make timely payment of principal of and premium, if any, and interest on Debt (as defined in the Support Agreement) issued by the Company.

3. The Company and the Parent, jointly and severally, represent and warrant to, and agree with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Securities has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Parent's or the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Parent or the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"; any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 3(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of such prospectus; any reference to any amendment or supplement to the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case

may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 3:05 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material

fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Parent, the Company and the Parent's other subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Parent, the Company or any of the Parent's other subsidiaries exists or, to the knowledge of the Company or the Parent, is imminent, which could reasonably

be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs or management, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(h) The Parent, the Company and each of the Parent's other subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Parent, the Company and each of the Parent's other subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Parent, the Company and each of the Parent's other subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Parent, the Company and each of the Parent's other subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(i) Each of the Parent and the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Parent listed on Schedule IV hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(j) All of the issued shares of capital stock of the Parent and the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Parent, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(k) This Agreement has been duly authorized, executed and delivered by each of the Company and the Parent; the Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture, dated as of December 4, 2009 (the "**Indenture**"), between the Company and Computershare Trust Company, N.A., as successor trustee (the "**Trustee**"), under which they are to be issued; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Support Agreement has been duly authorized, executed and delivered by the Parent and the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Support Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus and will be in substantially the form previously delivered to you;

(l) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(m) The issue and sale of the Securities and the compliance by the Parent and the Company with all of the provisions of the Securities, the Indenture, the Support Agreement and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Parent, the Company or any of the Parent's other subsidiaries is a party or by which the Parent, the Company or any of the Parent's other subsidiaries is bound or to which any of the property

or assets of the Parent, the Company or any of the Parent's other subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Certificate of Incorporation or the By-laws, as amended, of the Company or the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Parent or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Parent, the Company or any of the Parent's other subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Parent or the Company of the transactions contemplated by this Agreement, the Indenture, or the Support Agreement, except (i) the registration under the Act of the Securities, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement;

(n) None of the Parent, the Company or any of the Parent's other subsidiaries is (A) in violation of the Certificate of Incorporation or the By-laws, as amended, in the case of the Company, or the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Parent, or similar organizational documents, in the case of the Parent's other subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Parent other than the Company and the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(o) The statements set forth in the Pricing Prospectus and Prospectus under the captions "Description of the Notes" and "Description of AWCC Debt Securities and American Water Support Agreement", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(p) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Parent, the Company or any of the Parent's other subsidiaries is a party or of which any property of the Parent, the Company or any of the Parent's other subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Parent's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(q) Neither the Parent nor the Company is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof will be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(r) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Parent or the Company or any person acting on the Parent's or the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Parent and the Company were each a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Parent or the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, neither the Parent nor the Company was an "ineligible issuer" as defined in Rule 405 under the Act;

(s) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Parent and its subsidiaries, is an independent registered public accounting firm with respect to the Parent and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(t) Except as disclosed in the Pricing Prospectus, the Parent maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Parent's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Parent's internal control over financial reporting is effective and the Parent is not aware of any material weaknesses in its internal control over financial reporting;

(u) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Parent's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Parent's internal control over financial reporting;

(v) The Parent maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Parent, the Company and each of the Parent's other subsidiaries is made known to the Parent's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(w) The Parent, the Company and each of the Parent's other subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Parent, the Company and each of the Parent's other subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(x) To the Parent's and the Company's knowledge, the Parent, the Company and each of the Parent's other subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Parent, the Company or any of the Parent's other subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the

ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Parent's and the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Parent, the Company and each of the Parent's other subsidiaries does not infringe on the rights of any person;

(y) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Parent's, the Company's or the Parent's other subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Parent and the Company have not been notified of, and have no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Parent, the Company and the Parent's other subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Parent and the Company have implemented and maintain security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Parent and the Company have implemented backup and disaster recovery technology consistent with industry standards and practices;

(z) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Parent, the Company or any of the Parent's other subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Parent's or the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Parent's or the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Parent and the Company are not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(aa) The Parent, the Company and each of the Parent's other subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Parent, the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Parent, the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(bb) Neither the Parent nor the Company has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

(cc) The Parent is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Parent as of the date hereof;

(dd) The Parent, the Company and each of the Parent's other subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Parent, the Company or any of the Parent's other subsidiaries is contesting in good faith and for which the Parent, the Company or any of the Parent's other subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Parent, the Company and each of the Parent's other subsidiaries through the fiscal year ended December 31, 2020 have been closed by statute and no assessment in connection therewith has been made against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(ee) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ff) The operations of the Company, the Parent and each of the Parent's other subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Parent, or any of the Parent's other subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(gg) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is: (A) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, the non-government controlled areas of Kherson and Zaporizhzhia, Iran, North Korea and Syria), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Parent or the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Parent or the Company, as the case may be, as to matters covered thereby, to each Underwriter.

4. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of 98.965% of the principal amount thereof, including accrued interest, if any, from February 27, 2025 to the Time of Delivery (as defined in Section 6(a)), the principal amount of the Securities set forth opposite the name of such Underwriter in Schedule I hereto.

5. Upon the authorization by the Company of the release of the Securities, the several Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

6. (a) The Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Securities to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Securities to the account of the Representatives at DTC. The Company will cause the form of the certificates representing the Securities to be made available to the Representatives for checking at least twenty-four hours prior to the Time of Delivery hereunder at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"). The time and date of such delivery and payment shall be 9:30 a.m., Eastern time, on February 27, 2025 or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date is herein called the "**Time of Delivery**".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 10 hereof, will be delivered at the Closing Location, and the Securities will be delivered through the facilities of DTC, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Eastern time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

7. Each of the Parent and the Company, jointly and severally, agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in a form substantially consistent with Schedule III hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Parent or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, any of the Securities remain unsold by the Underwriters, the Parent will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to the Representatives. If at the Renewal Deadline the Parent is no longer eligible to file an automatic shelf registration statement, the Parent will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to the Representatives and will use its best efforts to cause such registration

statement to be declared effective within 180 days after the Renewal Deadline. The Parent will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided* that in connection therewith neither the Parent nor the Company shall be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., Eastern time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Parent and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Parent, Rule 158);

(f) During the period beginning from the date hereof and continuing until the Time of Delivery, not to offer, sell, contract to sell, or otherwise dispose of, except as provided hereunder, any securities of the Parent or the Company that are substantially similar to the Securities without the Representatives' prior written consent;

(g) To take all reasonable action necessary to enable S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. to provide their respective credit ratings of the Securities;

(h) During a period of three years from the effective date of the Registration Statement, to furnish to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Parent and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to the holders of the Securities consolidated summary financial information of the Parent and its subsidiaries for such quarter in reasonable detail; *provided, however*, that the Parent and the Company may satisfy the requirements of this subsection by making any such reports, communications or information available on its website or by filing such information with the Commission via EDGAR or any successor filing system thereto;

(i) To use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Parent's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "**License**"); *provided*, *however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) Each of the Parent and the Company represents and agrees that, other than the final term sheet in a form substantially consistent with Schedule III hereto and filed pursuant to Section 7(a) hereof, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, other than one or more term sheets relating to the Securities substantially consistent with Schedule III hereto, containing no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included in the Preliminary Prospectus or Pricing Prospectus, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. Each of the Parent and the Company covenants and agrees with the several Underwriters that the Parent and the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Parent's and the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Indenture, the Support Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture, the Securities and the Support Agreement; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Parent and the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Parent and the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Parent and the Company shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 7(a) hereof; the final term sheet contemplated by Section 7(a) hereof, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinion, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes II-A and II-B hereto;

(d) Jeffrey M. Taylor, Secretary of the Company and Vice President, Chief SEC Counsel and Secretary of the Parent, shall have furnished to the Representatives his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Parent, the Company and the Parent's other subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded the Parent's or the Company's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of the Parent's or the Company's debt securities;

(h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Parent's or the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and

(i) Each of the Parent and the Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery certificates of officers of the Parent and the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Parent and the Company, respectively, herein at and as of the Time of Delivery, as to the performance by the Parent and the Company of all their respective obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section 10 and as to such other matters as the Representatives may reasonably request.

11. (a) The Parent and the Company will, jointly and severally, indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the

Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Parent and the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Parent and the Company against any losses, claims, damages or liabilities, joint or several, to which the Parent or the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Parent and the Company for any legal or other expenses reasonably incurred by the Parent or the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other

indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in

such proportion as is appropriate to reflect the relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Parent and the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Parent or the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parent, the Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Parent and the Company under this Section 11 shall be in addition to any liability which the Parent and the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Parent or the Company and to each person, if any, who controls the Parent or the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section 12 with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Securities which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 11 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. The respective indemnities, agreements, representations, warranties and other statements of the Parent, the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, the Parent or the Company, or any officer or director or controlling person of the Parent or the Company, and shall survive delivery of and payment for the Securities.

14. If for any reason, other than a default by the Underwriters in their obligation to purchase the Securities, any Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Parent and the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

15. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

16. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: BofA Securities, Inc., 114 West 47th Street, NY8-114-07-01, New York, NY 10036, Attention: High Grade Transaction Management/Legal, or by facsimile transmission to (212) 901-7881; PNC Capital Markets LLC, 300 Fifth Avenue, 10th Floor, Pittsburgh, PA 15222, Attention: Debt Capital Markets, Fixed Income Transaction Execution, or by facsimile transmission to (412) 762-2760; or RBC Capital Markets, LLC, Brookfield Place, 200 Vesey Street, 8th Floor, New York, NY 10281, Attention: DCM Transaction Management/Scott Primrose, telephone: (212) 618-7706, e-mail: TMGUS@rbccm.com; and if to the Parent or the Company shall be delivered or sent by mail to the address of the Parent set forth in the Registration Statement, or email at stacy.mitchell@amwater.com, Attention: Stacy A. Mitchell, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

17. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Parent and the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Parent and the Company and, to the extent provided in Sections 11 and 13 hereof, the officers and directors of the Parent and the Company and each person who controls the Parent and the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

20. The Parent and the Company acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Parent and the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Parent or the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Parent or the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Parent or the Company) or any other obligation to the Parent or the Company except the obligations expressly set forth in this Agreement and (iv) the Parent and the Company have consulted their own legal and financial advisors to the extent they deemed appropriate. The Parent and the Company agree that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Parent or the Company, in connection with such transaction or the process leading thereto.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Parent, the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

23. THE PARENT, THE COMPANY AND EACH OF THE UNDERWRITERS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

25. Notwithstanding anything herein to the contrary, each of the Parent and the Company are authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Parent and the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax treatment” means U.S. Federal and State income tax treatment, and “tax structure” is limited to any facts that may be relevant to that treatment.

26. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 26, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Parent and the Company.

Very truly yours,

AMERICAN WATER CAPITAL CORP.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[Signature Page to the Underwriting Agreement]

Accepted as of the date hereof:

BofA Securities, Inc.
PNC Capital Markets LLC
RBC Capital Markets, LLC

On behalf of each of the Underwriters

BOFA SECURITIES, INC.

By: /s/ SHAWN CEPEDA
Name: Shawn Cepeda
Title: Managing Director

PNC CAPITAL MARKETS LLC

By: /s/ VALERIE SHADECK
Name: Valerie Shadeck
Title: Managing Director

RBC CAPITAL MARKETS, LLC

By: /s/ SCOTT G. PRIMROSE
Name: Scott G. Primrose
Title: Authorized Signatory

[Signature Page to the Underwriting Agreement]

SCHEDULE I

	Principal Amount of the Securities to be Purchased
BofA Securities, Inc.	$ 164,000,000
PNC Capital Markets LLC	$ 142,000,000
RBC Capital Markets, LLC	$ 142,000,000
J.P. Morgan Securities LLC	$ 48,000,000
Mizuho Securities USA LLC	$ 48,000,000
TD Securities (USA) LLC	$ 48,000,000
Truist Securities, Inc.	$ 48,000,000
U.S. Bancorp Investments, Inc.	$ 48,000,000
Wells Fargo Securities, LLC	$ 48,000,000
Huntington Securities, Inc.	$ 14,000,000
Regions Securities LLC	$ 14,000,000
Scotia Capital (USA) Inc.	$ 14,000,000
BNY Mellon Capital Markets, LLC	$ 8,000,000
Siebert Williams Shank & Co., LLC	$ 8,000,000
Academy Securities, Inc.	$ 2,000,000
CAVU Securities LLC	$ 2,000,000
Roberts & Ryan, Inc.	$ 2,000,000
Total	$ 800,000,000

SCHEDULE II

a) Issuer Free Writing Prospectuses included in the Pricing Disclosure Package: Final term sheet attached hereto as Schedule III.

SCHEDULE III

February 24, 2025

American Water Capital Corp.
American Water Works Company, Inc.

$800,000,000 5.250% Senior Notes due 2035

Issuer:	American Water Capital Corp.
Support Provider:	American Water Works Company, Inc.
Security:	5.250% Senior Notes due 2035
Size:	$800,000,000
Trade Date:	February 24, 2025
Settlement Date:	February 27, 2025 (T+3)*
Maturity Date:	March 1, 2035
Benchmark Treasury:	UST 4.625% due February 15, 2035
Benchmark Treasury Yield:	4.400%
Spread to Benchmark Treasury:	+90 bps
Yield to Maturity:	5.300%
Coupon:	5.250%
Price to Public:	99.615% of the principal amount
Interest Payment Dates:	March 1 and September 1 of each year, beginning on September 1, 2025
Redemption Provisions:	
Make-whole call:	Treasury Rate +15 bps
Par call:	On or after December 1, 2034
CUSIP:	03040W BF1
ISIN:	US03040WBF14
Ratings[(1)]:	[Intentionally Omitted]
Joint Book-Running Managers:	BofA Securities, Inc. PNC Capital Markets LLC RBC Capital Markets, LLC J.P. Morgan Securities LLC Mizuho Securities USA LLC TD Securities (USA) LLC Truist Securities, Inc. U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC
Sr. Co-Managers:	Huntington Securities, Inc. Regions Securities LLC Scotia Capital (USA) Inc.
Co-Managers:	BNY Mellon Capital Markets, LLC Siebert Williams Shank & Co., LLC
Jr. Co-Managers:	Academy Securities, Inc. CAVU Securities LLC Roberts & Ryan, Inc.

(1) Neither of these ratings is a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

The term "Treasury Rate" has the meaning ascribed to that term in the Issuer's Preliminary Prospectus Supplement, dated February 24, 2025.

* The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about the third business day following the date of the prospectus supplement, or "T+3". Trades of securities in the secondary market generally are required to settle in one business day, referred to as T+1, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+1 basis, investors who wish to trade the notes prior to the first business day before delivery of the notes will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Investors of the notes who wish to trade the notes on any date prior to the first business day before delivery should consult their own advisors.

The Issuer and the Support Provider have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and the Support Provider have filed with the SEC for more complete information about the Issuer, the Support Provider and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter participating in the offering will arrange to send you the prospectus if you request it by calling BofA Securities, Inc. toll free at (800) 294-1322, PNC Capital Markets LLC toll free at (855) 881-0697, or RBC Capital Markets, LLC toll free at (866) 375-6829.

SCHEDULE IV

Significant Subsidiaries of the Parent

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

FEBRUARY 27, 2025

5.250% SENIOR NOTES DUE 2035

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, dated February 22, 2025 of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.250% Senior Notes due 2035" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are "Debt" under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.250% Senior Notes due 2035

CUSIP No. 03040W BF1
ISIN No. US03040WBF14

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on March 1, 2035, and to pay interest thereon from February 27, 2025 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on March 1 and September 1, in arrears, commencing September 1, 2025, and on any earlier Redemption Date (as defined herein), at the rate of 5.250% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

In Witness Whereof, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A.,
As Trustee

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to December 1, 2034 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by

the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor and (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Morgan Lewis

February 27, 2025

American Water Works Company, Inc.
American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation ("AWW"), and American Water Capital Corp., a Delaware corporation (the "Company"), in connection with the issuance by the Company of $800,000,000 aggregate principal amount of its 5.250% Senior Notes due 2035 (the "Notes"), issued under the Indenture, dated as of December 4, 2009 (the "Indenture"), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes have the benefit of the Support Agreement, dated June 22, 2000, as amended as of July 26, 2000, between the Company and AWW (the "Support Agreement").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration Nos. 333-277166-01 and 333-277166) (the "Registration Statement"), which Registration Statement was filed jointly by the Company and AWW with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated February 24, 2025 (the "Prospectus Supplement") relating to the Notes, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Indenture; (4) the Support Agreement; (5) the certificate of incorporation of the Company; (6) the by-laws, as amended, of the Company; (7) the restated certificate of incorporation of AWW; (8) the amended and restated bylaws of AWW; and (9) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of payment for the Notes) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Notes and the Support Agreement, as it relates to the Notes, are valid and binding obligations of the Company and AWW, respectively, except as may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies generally and general principles of equity.

Morgan, Lewis & Bockius LLP

101 Park Avenue
New York, NY 10178-0060
United States

T +1.215.309.6000
F +1.215.309.6001

In rendering the foregoing opinion, we have assumed that the certificates representing the Notes conform to specimens examined by us and that the Notes have been duly authenticated, in accordance with the Indenture, by the Trustee under the Indenture and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the reference to us under the heading "Legal Matters" in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading "Legal Matters" in the Base Prospectus, and to the filing of this opinion as an exhibit to AWW's Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

Press Release

VIRGINIA AMERICAN WATER

Virginia American Water Granted New Rates by
Virginia State Corporation Commission

Increase Driven by $110 Million in Infrastructure Investments

ALEXANDRIA, Va. (February 27, 2025) – The Virginia State Corporation Commission (SCC) has approved a settlement for new water and wastewater rates for Virginia American Water. The approved rates represent a total annualized revenue increase of approximately $14.6 million.

The company's rate request was filed on November 1, 2023, and was primarily driven by more than $110 million in infrastructure investment in treatment system and distribution upgrades since its last rate filing.

"We are committed to making the necessary investments to continue to provide the high-quality service our customers expect and deserve and ensuring compliance with state and federal regulations," said Laura Runkle, President, Virginia American Water. "Our effective capital planning helps keep water and wastewater services reliable and affordable for the 350,000 people we serve."

The new approved rate order represents a reduction from the interim rates that became effective on May 1, 2024. The average bill for most water customers using 4,000 gallons per month will decrease by approximately $2.00 per month. The bill for an average wastewater customer will decrease by approximately $1.50 per month, depending on the service area. With these new rates, the cost of high-quality, reliable, water and wastewater service will remain among the lowest household utility bills.

The new rates will be retroactive to May 1, 2024, and the company will issue credits to customers for the difference between interim and permanent rates, including interest, within 90 days of the final order. Credits will appear as two separate line items labeled "Rate Refund" and "Interest on Rate Refund."

Press Release

VIRGINIA AMERICAN WATER

Virginia American Water wants to remind customers about its existing bill paying assistance programs, payment arrangements or budget billing options available on the customer MyWater portal at virginiaamwater.com. Income-eligible customer requirements may also apply for assistance through the company's H2O Help to Others program, administered by Dollar Energy Fund. More information can be found at virginiaamwater.com under "Customer Service & Billing", "Customer Assistance Programs."

Customers will receive information about the new rates in their next Virginia American Water bill. Information will also be available on the company's website at www.virginiaamwater.com under Customer Service & Billing, Your Water and Wastewater Rates.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Virginia American Water

Virginia American Water, a subsidiary of American Water, is the largest investor-owned water utility in the state, providing high-quality and reliable water services to over 350,000 people. For more information, visit www.virginiaamwater.com and follow Virginia American Water on Twitter and Facebook.

Press Release

VIRGINIA AMERICAN WATER

AWK-IR

Media Contact:

Marybeth Leongini
External Affairs Manager
(703) 706-3871
marybeth.leongini@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 28, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On February 28, 2025, the Executive Development and Compensation Committee of the Board of Directors of American Water Works Company, Inc. (the "Company") unanimously approved a Severance Agreement and General Release (the "Severance Agreement") to be entered into between Melanie M. Kennedy, the Company's Executive Vice President and Chief Human Resources Officer, and American Water Works Service Company, Inc., a wholly owned subsidiary of the Company and Ms. Kennedy's employer.

The Severance Agreement provides that, once it is fully effective, Ms. Kennedy would receive (i) her eligible benefits under the Company's Executive Severance Policy (the "Policy"), including without limitation (a) a cash severance payment amount equal to 12 months of her current annual base salary of $487,953, minus applicable deductions and withholdings, to be paid in accordance with the Company's regular pay schedule, (b) a prorated 2025 award opportunity under the Company's Annual Performance Plan, equal to 65% of her annual base salary prorated through her separation date of March 1, 2025, and (c) Company-paid COBRA healthcare continuation coverage for up to 16 weeks; (ii) a supplemental cash payment of $300,000, minus applicable deductions and withholdings; and (iii) an extension for up to eight months of the Company-paid COBRA healthcare continuation coverage to be provided to her under the Policy. In exchange, the Severance Agreement provides that Ms. Kennedy would agree to a general release and certain non-solicitation, non-disparagement and confidentiality covenants in favor of the Company. The Severance Agreement is subject to mandatory review and right to rescind periods under applicable law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 28, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 17, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Stipulation and Agreement with respect to Missouri-American Water Company ("Missouri American Water") General Rate Case

On March 17, 2025, Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), entered into a stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024 with the Missouri Public Service Commission (the "MoPSC"). In the Stipulation, the parties, which included the staff of the MoPSC and the Office of the Public Counsel, have agreed to an annualized increase of approximately $63.1 million in Missouri American Water's water and wastewater revenues, as compared to its most recently revised request of $107.4 million. The annualized increase excludes approximately $63.3 million in infrastructure surcharge mechanism revenues currently being collected by Missouri American Water. Missouri American Water had previously filed a request, as revised, seeking approximately $123.2 million of additional annualized revenues, excluding such infrastructure surcharge mechanism revenues. Subsequent to that revised request, Missouri American Water filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63.3 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such surcharges) to $107.4 million. The Stipulation, which was filed on March 17, 2025, is subject to review and approval by the MoPSC, and, if approved, new rates are expected to be effective by May 31, 2025.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's and Missouri American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the approval of the Stipulation by the MoPSC, and the terms and conditions thereof, including the total annualized increase in water and wastewater revenues; (2) the timing of the implementation of new rates; (3) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company and/or Missouri American Water; and (4) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Missouri American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Missouri American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 17, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 24, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b) On March 24, 2025, Karl F. Kurz, the Company's Board Chair, was notified by Kimberly J. Harris of her decision to resign as a member of the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company"), effective immediately. Ms. Harris's resignation was for personal reasons to focus on her health and recovery from a recent medical issue and was not due to any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Ms. Harris had been a member of the Board since 2019 and served as Chair of its Nominating/Corporate Governance Committee (the "Nominating Committee") since 2021. At the effective date of her resignation, Ms. Harris also had served as a member of the Board's Executive Development and Compensation Committee and its Safety, Environmental, Technology and Operations Committee. The Board intends to fill the vacancy in the Nominating Committee Chair role in due course. The Company wishes Ms. Harris a complete and speedy recovery and sincerely thanks her for her many years of faithful service to the Board.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 25, 2025

By: /s/ STACY A. MITCHELL
Stacy A. Mitchell
Executive Vice President and General Counsel

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On April 30, 2025, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2025. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated April 30, 2025, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: April 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

April 30, 2025

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Executive Vice President, Communications and External Affairs
856-955-4163
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AMERICAN WATER REPORTS FIRST QUARTER 2025 RESULTS ON TRACK

AFFIRMS 2025 EPS GUIDANCE AND LONG-TERM TARGETS

- **First quarter 2025 earnings were $1.05 per share, compared to $0.95 per share in 2024**
- **2025 earnings per share guidance range of $5.65 to $5.75 affirmed**
- **Announced quarterly cash dividend of $0.8275 per share of common stock, payable in June, an increase of 8.2%**
- **Successfully issued in February $800 million of 5.250% senior notes due 2035**

CAMDEN, N.J., April 30, 2025 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended March 31, 2025, of $1.05 per share, compared to $0.95 per share for the same quarter in 2024.

“The company has delivered solid first quarter results and we are affirming our long-term targets for both earnings and dividend growth at 7 to 9 percent based upon our clear capital growth plan, and strong regulatory and operational execution, which are all key to delivering safe, clean, reliable and affordable services to our customers,” said John Griffith, President of American Water.

“As we look ahead, I’m confident our company has the right strategies to continue to deliver the services our customers depend on and investors value,” added Griffith. “I’m excited to have a team surrounding me that has tremendous experience delivering on our high standards for financial and operational success.”

2025 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2025 earnings per share guidance range of $5.65 to $5.75, which includes approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of HOS. The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results

For the three months ended March 31, 2025, earnings per share were $1.05 compared to $0.95 per share in the same period in 2024. Results include increased revenues from implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three months ended March 31, 2025 and 2024, include incremental interest income of $0.03 and $0.02 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

The company is on track to meet its capital investment plan for the year with investments of $518 million in the first three months of 2025. The company plans to invest a total of approximately $3.3 billion across its footprint in 2025.

Regulated Businesses

In the first quarter of 2025, the Regulated Businesses' net income was $201 million, compared to $185 million for the same period in 2024.

Operating revenues increased $121 million for the three months ended March 31, 2025, as compared to the same period in 2024. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments.

Since January 1, 2025, the company has been authorized additional annualized revenues of $161 million, with $138 million from general rate cases and $23 million from infrastructure surcharges. The company has general rate cases in progress in three jurisdictions and has filed for an infrastructure surcharge in one jurisdiction, reflecting a total annualized revenue request of $100 million.

Operating expenses were higher by $78 million for the three months ended March 31, 2025, as compared to the same period in 2024. Operating expenses were higher primarily due to an increase in employee related costs, as well as general taxes associated with increased capital investment and other operation and maintenance costs related to acquisitions closed in 2024. Operating expenses also include depreciation expense, which was higher by $29 million in the same period, due to the increase in capital investment.

Interest expense was higher by $17 million for the three months ended March 31, 2025, as compared to the same period in 2024, as a result of incremental short and long-term debt primarily to fund capital investments.

Long-Term Debt Offering

On February 27, 2025, the company completed an offering of $800 million aggregate principal amount of 5.250% senior notes due 2035. The proceeds from the offering were used (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

Dividends

On March 4, 2025, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of February 7, 2025.

On April 30, 2025, the company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on June 3, 2025, to shareholders of record as of May 13, 2025.

2025 First Quarter Earnings Conference Call

The conference call to discuss first quarter 2025 earnings, 2025 earnings guidance, and long-term targets will take place on Thursday, May 1, 2025, at 9 a.m. Eastern Daylight Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK), a large capitalization value company, is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and diluted earnings per share.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or

unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; risks and uncertainties following the completion of the sale of the company's former HOS business, including: the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due; and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date of this press release. American Water does not have any obligation, and specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185
Basic earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Diluted earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 35,466	$ 35,059
Accumulated depreciation	(7,089)	(7,021)
Property, plant and equipment, net	28,377	28,038
Current assets:		
Cash and cash equivalents	114	96
Restricted funds	18	29
Accounts receivable, net of allowance for uncollectible accounts of $57 and $53, respectively	380	416
Income tax receivable	23	25
Unbilled revenues	332	315
Materials and supplies	107	103
Other	220	231
Total current assets	1,194	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,162	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,144	1,144
Other	397	399
Total regulatory and other long-term assets	3,585	3,577
Total assets	$ 33,156	$ 32,830

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,512,663 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,611	8,598
Retained earnings	2,317	2,112
Accumulated other comprehensive income	2	12
Treasury stock, at cost (5,501,396 and 5,451,216 shares, respectively)	(398)	(392)
Total common shareholders' equity	10,534	10,332
Long-term debt	13,318	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,321	12,521
Total capitalization	23,855	22,853
Current liabilities:		
Short-term debt	999	879
Current portion of long-term debt	114	637
Accounts payable	240	346
Accrued liabilities	539	791
Accrued taxes	228	156
Accrued interest	131	111
Other	196	230
Total current liabilities	2,447	3,150
Regulatory and other long-term liabilities:		
Advances for construction	396	383
Deferred income taxes and investment tax credits	2,936	2,881
Regulatory liabilities	1,400	1,416
Operating lease liabilities	75	76
Accrued pension expense	212	217
Other	252	277
Total regulatory and other long-term liabilities	5,271	5,250
Contributions in aid of construction	1,583	1,577
Commitments and contingencies		
Total capitalization and liabilities	$ 33,156	$ 32,830

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 5, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Public Service Commission of West Virginia (the "WVPSC") by West Virginia-American Water Company ("West Virginia American Water")

On May 5, 2025, West Virginia American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the WVPSC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of $47.8 million, excluding infrastructure surcharges of $12.7 million, which would include two step increases, with $32.6 million to be included in rates in March 2026, and $15.2 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by West Virginia American Water from March 2024 through February 2027. The request is subject to approval by the WVPSC, and the general rate case is expected to be completed by the end of February 2026.

A copy of the press release issued by West Virginia American Water on May 5, 2025, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the WVPSC of West Virginia American Water's request for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the WVPSC, related to this request; (3) the timing of any implementation of new rates by West Virginia American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or West Virginia American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by West Virginia American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or West Virginia American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or West Virginia American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated May 5, 2025, issued by West Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 5, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia American Water Files Rate Request Driven by More Than $300 Million of Investment

Request reinforces company's commitment to providing safe, clean, and reliable service

Charleston, W.Va. (May 5, 2025) – West Virginia American Water filed a request today with the Public Service Commission of West Virginia (PSC) for new rates, reflecting more than $300 million of water and wastewater system investments since the company's last rate request. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide safe and reliable service in compliance with environmental regulations for the benefit of customers.

"Our commitment to long-term investments in our water and wastewater systems helps ensure we deliver high-quality service across the Mountain State," said Scott Wyman, President of West Virginia American Water. "These ongoing investments are vital for providing safe, clean, and reliable service to the communities we serve. They demonstrate our dedication to the public health and safety of those communities."

West Virginia American Water is proposing to implement new rates in two steps to promote customer affordability. If approved, the first step would go into effect March 1, 2026. The second step, establishing final rates, would become effective March 1, 2027.

If the company's proposed rates are approved as filed with the PSC, the water bill for the average residential customer using 3,000 gallons per month would increase approximately $11 per month during the first step and approximately $5 per month in the second step. These new rates include the current Distribution System Improvement Charge (DSIC) already included on customer bills. The wastewater bill for the average residential customer using 3,000 gallons would increase approximately $8 per month during the first step and approximately $5 per month in the second step after factoring in the current Wastewater System Improvement Charge (WSIC) already included on customer bills.

The company is also proposing a Universal Affordability Discount Tariff that seeks to assist residential customers who meet income qualifications. The four-tiered proposal would tailor rates to various levels of household income. Under this proposed tariff, eligible households would receive monthly bill discounts of between 15 and 60 percent for water and wastewater service. The current Department of Health and Human Resources 20 percent discount program,

Press Release

WEST VIRGINIA AMERICAN WATER

the company's H2O Help to Others Program™, and other bill assistance and payment arrangements will continue along with the proposed Universal Affordability Discount Tariff and the new, two-step rate adjustment.

The PSC's 300-day statutory rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to learn how customers may participate in this process, visit westvirginiaamwater.com and select "Your Water and Wastewater Rates" under the Customer Service menu.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About West Virginia American Water
West Virginia American Water, a subsidiary of American Water (NYSE: AWK), is the largest regulated water utility in the state, providing safe, clean and reliable water and wastewater services to approximately 583,000 people.

AWK-IR

Media Contact
Olivia Bailey
External Affairs Manager
Olivia.Bailey@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 7, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Missouri Public Service Commission ("MoPSC") Approval of Settlement in Missouri-American Water Company, Inc. ("Missouri American Water") General Rate Case

On May 7, 2025, the MoPSC issued an order (the "Order") approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024 by Missouri American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The Order approves a $63.1 million annualized increase in water and wastewater revenues as compared to Missouri American Water's most recently revised request of $107.4 million. The annualized increase excludes $63.3 million in infrastructure surcharge mechanism revenues currently being collected by Missouri American Water. Missouri American Water's most recently revised request included an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63.3 million, and, in turn, decreased the amount of incremental annualized revenue requested (excluding such surcharges) to $107.4 million.

The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed and planned by Missouri American Water from January 2023 through May 2025. For purposes of the general rate case, Missouri American Water's view of its rate base is $3.2 billion, and its view as to its return on equity ("ROE") and common equity ratio (each of which has been determined based on the Order but was not disclosed therein) is 9.75% and 50.0%, respectively, which is the same ROE and common equity ratio as determined by Missouri American Water based on Missouri American Water's view of its 2023 general rate case.

A copy of the press release issued by Missouri American Water on May 7, 2025 to announce the issuance of the Order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated May 7, 2025, issued by Missouri American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 7, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

MISSOURI AMERICAN WATER

Missouri American Water Rate Order Settlement Approved by Missouri Public Service Commission

Increase Driven by $1.1 Billion in Infrastructure Investments

ST. LOUIS, Mo. (May 7, 2025) – The Missouri Public Service Commission (MoPSC) today approved a settlement for new water and wastewater rates for Missouri American Water.

The company's rate request was filed on July 1, 2024, and was primarily driven by $1.1 billion in infrastructure investment in plant and distribution system upgrades made since its last rate filing.

"We are committed to making investments in our water and wastewater systems to maintain safe, clean, reliable and affordable service to the approximately 1.6 million people in the communities we serve," said Rich Svindland, President, Missouri American Water. "This settlement allows for these continued investments while remaining focused on customer affordability."

The approved rates represent a total annualized revenue increase of $63 million. New rates are expected to be effective by May 31, 2025.

Missouri American Water offers customers bill payment assistance programs including a payment installment plan and budget billing options available on the customer MyWater portal at missouriamwater.com. Income-eligible customers may also apply for assistance through the company's Help to Others (H_2O) Program. More information on bill payment assistance can be found on the company's website here.

Customers will receive information about the new rates on their Missouri American Water bill. Information will also be available on the company's website here under Customer Service Billing, our Water and Wastewater Rates.

American Water
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For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Missouri American Water
Missouri American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing high-quality and reliable water and wastewater services to approximately 1.6 million people. For more, visit missouriamwater.com and follow Missouri American Water on X, Facebook, Instagram, YouTube and LinkedIn.

Press Release

MISSOURI AMERICAN WATER

AWK-IR

Media Contact:
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Senior Manager, External Communications
Cell: 417-529-9781
Christie.barnhart@amwater.com

###

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 14, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.07. Submission of Matters to a Vote of Security Holders.

The 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting") of American Water Works Company, Inc., a Delaware corporation (the "Company"), was held on May 14, 2025. An aggregate of 175,129,166 shares, or 89.8% of the Company's issued and outstanding common stock as of March 17, 2025, the record date for the 2025 Annual Meeting, was represented in person or by proxy at the 2025 Annual Meeting, constituting a quorum. The results of voting at the 2025 Annual Meeting on each of the matters submitted to a vote of the Company's shareholders thereat are as set forth below.

1. The following eight nominees were elected as directors of the Company for a term expiring at the 2026 Annual Meeting of Shareholders, and until their successors are duly elected and qualified, and received the votes set forth adjacent to their names below:

Director Nominee	For	Against	Abstain	Broker Non-Votes
Jeffrey N. Edwards	152,961,827	8,397,859	124,494	13,644,986
John C. Griffith	160,289,969	1,066,027	128,184	13,644,986
Laurie P. Havanec	160,778,177	586,721	119,282	13,644,986
Julia L. Johnson	153,594,822	7,705,209	184,149	13,644,986
Patricia L. Kampling	154,858,358	6,508,520	117,302	13,644,986
Karl F. Kurz	151,082,536	10,223,295	178,349	13,644,986
Michael L. Marberry	156,825,199	4,531,669	127,312	13,644,986
Stuart M. McGuigan	160,588,115	770,683	125,382	13,644,986

2. The shareholders approved, on an advisory basis, the compensation of the Company's named executive officers by the following vote:

For	Against	Abstain	Broker Non-Votes
141,839,019	19,141,223	503,938	13,644,986

3. The ratification of the appointment, by the Audit, Finance and Risk Committee of the Board of Directors, of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2025, was approved by the following vote:

For	Against	Abstain
154,792,925	20,170,624	165,617

Item 8.01. Other Events.

Filing of Rate Request with the Kentucky Public Service Commission (the "KPSC") by Kentucky-American Water Company ("Kentucky American Water")

On May 16, 2025, Kentucky American Water, a wholly owned subsidiary of the Company, announced that it filed a request with the KPSC to adjust its water rates. As filed, the request seeks aggregate annualized incremental revenues of $26.9 million, excluding infrastructure surcharges of $9.9 million. As provided by statutory authority, Kentucky American Water anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by Kentucky American Water from February 2025 through December 2026. The request is subject to approval by the KPSC, and the general rate case is expected to be completed by the end of the first quarter of 2026.

A copy of the press release issued by Kentucky American Water on May 16, 2025, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the KPSC of Kentucky American Water's request for new water rates; (2) the terms of any settlement agreement or stipulation, and/or order of the KPSC, related to this request; (3) the timing of any implementation of new rates by Kentucky American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Kentucky American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Kentucky American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Kentucky American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Kentucky American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated May 16, 2025, issued by Kentucky American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 16, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

KENTUCKY AMERICAN WATER

Kentucky American Water Files Rate Request Driven by More Than $212 Million in Investment

Request reinforces company's commitment to providing safe, clean, reliable and affordable service

LEXINGTON, Ky. (May 16, 2025) – Kentucky American Water filed a request today with the Kentucky Public Service Commission (PSC) for new rates, reflecting more than $212 million in system investments. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide safe, clean, reliable and affordable service in compliance with environmental regulations for the benefit of customers.

"Kentucky American Water is dedicated to the health and safety of our customers and the communities we serve," said Rob Burton, president of Kentucky American Water. "Our approach to long-term, efficient and consistent investments in our water systems enables us to deliver high-quality service to the more than half a million people we serve in 13 counties."

Among the investments included in the request are the replacement of 30 miles of aging water pipelines and the upgrading of storage tanks, pumping stations, hydrants, meters and more.

In today's filing, Kentucky American Water is seeking a total annual revenue increase of approximately $26.9 million, excluding Qualified Infrastructure Program (QIP) revenues that have already been approved. The company's rate request undergoes extensive, public review by the PSC, the Kentucky Attorney General's Office of Rate Intervention and other interested parties, such as the Lexington-Fayette Urban County Government. This process includes numerous interrogatories, public hearings and evidentiary hearings. The company's last general rate case was filed in June 2023.

If the company's proposed rates are approved as requested, the water bill for the average residential customer using 3,900 gallons per month would increase about $9 per month.

The new rates proposed in today's filing are a request only. Kentucky American Water anticipates that proposed rates will go into effect, on an interim basis, approximately seven months after the filing. The PSC will make the final decision regarding any change in rates within 10 months of the

Press Release

KENTUCKY AMERICAN WATER

filing. Once a final decision has been made by the PSC, the difference between the interim and final approved rates is subject to a refund. Customers will be informed of the approved rates by mail and on the company's website.

Kentucky American Water offers bill paying assistance programs that include payment plans, budget billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website.

About American Water
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For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Kentucky American Water
Kentucky American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing safe, clean, reliable and affordable water and wastewater services to approximately 527,000 people.

For more information, visit kentuckyamwater.com and join Kentucky American Water on Facebook, X, Instagram and LinkedIn.

AWK-IR

Media Contact:
Susan Lancho
Senior Manager, External and Government Affairs
Kentucky American Water
susan.lancho@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 19, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

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(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

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Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC to Acquire Entities Owning Regulated Water and Wastewater System Assets in Eight States

On May 19, 2025, American Water Works Company, Inc. (the "Company" or the "Buyer") entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC, an Illinois limited liability company, as seller ("Seller"). Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Seller is a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility serving more than 1.3 million people across 20 states in the United States and two Canadian provinces.

Under the terms of the Purchase Agreement, the Buyer has agreed to acquire from Seller (collectively, the "Equity Purchase") all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Buyer under the Purchase Agreement for the Equity Purchase (the "Purchase Price") will be approximately $315 million in cash, subject to adjustment at the closing of the Equity Purchase (the "Closing") based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base at Closing is estimated to be approximately $200 million, subject to final determination by the respective public utility commissions. Based on current connection counts, when the Closing occurs, the Company would add nearly 47,000 customer connections to its regulated businesses in the eight states above, distributed as follows: Illinois — 17,100 customer connections; Indiana — 8,900 customer connections; Kentucky — 7,000 customer connections; Maryland — 4,600 customer connections; New Jersey — 1,100 customer connections; Pennsylvania — 7,300 customer connections; Tennessee — 400 customer connections; and Virginia — 200 customer connections. The Buyer intends to fund the payment of the final Purchase Price through its cash flow from operations and its existing sources of liquidity.

The Purchase Agreement contains customary representations, warranties and covenants of Seller and the Buyer. The parties' obligations to complete the Closing are subject to the receipt of the required regulatory approvals of public utility commissions, as applicable, the expiration or termination of any waiting period (or any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the absence of any law, statute, rule or regulation, interpretation, writ, injunction, judgment, order, decree or requirement (or other similar matters as described in the Purchase Agreement) of a governmental entity in effect, or any judgment, order or decree of an arbitrator, making illegal or prohibiting the consummation of the Closing (a "Legal Restraint"). The Purchase Agreement also provides that Seller's and the Buyer's obligations to complete the Closing are subject to: (i) the accuracy of the respective parties' representations and warranties contained in the Purchase Agreement, subject to such exceptions, limitations and qualifications, or the absence of such exceptions, limitations and qualifications, as specified in the Purchase Agreement; (ii) the absence of any required regulatory approval that has become final and imposed terms or conditions on a party that would reasonably be expected to (a) in the case of Seller, be adverse to Seller or its affiliates (other than the Acquired Entities) after giving effect to the Equity Purchase and (b) in the case of Buyer, result in a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of the Buyer and its utility affiliates within the eight applicable states, taken together as a whole, without giving effect to the Equity Purchase (a "Burdensome Effect"); and (iii) the compliance by the parties in all material respects with their respective agreements required to be performed or complied with under the Purchase Agreement prior to the Closing. The Company currently anticipates that the Closing will occur by or before August 2026.

The Purchase Agreement may be terminated under certain circumstances, including: (i) by mutual written consent of the Buyer and Seller; (ii) by either the Buyer or Seller if the Closing has not occurred on or before August 19, 2026, subject to up to two three-month extensions by either the Buyer or Seller for a total additional period of up to six months after August 19, 2026, in order to obtain required regulatory approvals; (iii) by either the Buyer or Seller if any Legal Restraint permanently prohibiting the Closing shall have become final and non-appealable; (iv) by either party, in the case of certain breaches or failures by the other party to perform in any material respect any of such other party's obligations in the Purchase Agreement; (v) by Seller, if the Buyer fails to complete the Closing after the satisfaction or waiver of the Buyer's conditions following written notice from Seller; and (vi) by the Buyer, if any final required regulatory approval imposes terms or conditions that would result in a Burdensome Effect. If the Purchase Agreement is terminated, such termination will be without liability of a party to the other party to the Purchase Agreement, except (x) in the case of fraud or willful breach of the Purchase Agreement by a party thereto, and (y) that the Buyer will be required to pay to Seller a cash termination fee of $15,750,000 (the "Termination Fee") in the event of a termination, subject to certain conditions, limitations and exceptions, of the Purchase Agreement (a) by Seller or the Buyer where any of the conditions related to obtaining required regulatory approvals described above have not been satisfied, (b) by Seller or the Buyer if an applicable Legal Restraint giving rise to such termination arises in connection with such required regulatory approvals, (c) by Seller if the Buyer has failed to perform its obligations in any material respect, as described in clause (iv) above, and (d) by the Buyer for reasons described in clause (vi) above.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is filed as Exhibit 2.1 hereto and is incorporated by reference herein.

There are no other relationships between the Company or its affiliates, on the one hand, and Seller or its affiliates, on the other hand, that may be entered into at or in connection with the Closing, other than as described in response to this Item 1.01 hereto.

Item 7.01. Regulation FD Disclosure.

On May 19, 2025, the Company issued a press release to announce that the Company and Seller entered into the Purchase Agreement referenced in Item 1.01 above. A copy of this press release has been included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in response to this Item 7.01.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
2.1*	Purchase and Sale Agreement, dated as of May 19, 2025, by and among the Buyer and Seller.
99.1**	Press Release, dated May 19, 2025, issued by the Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith. Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish the omitted schedules and exhibits to the U.S. Securities and Exchange Commission (the "SEC") upon request.

** Furnished herewith.

The Purchase Agreement filed as Exhibit 2.1 herewith has been included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about the Company or Seller, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Purchase Agreement (i) were made by the parties thereto only for purposes of that agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the Purchase Agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures and schedules exchanged between the parties in connection with the execution of the Purchase Agreement (such disclosures and schedules include information contained in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the Purchase Agreement instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Company or Seller, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the Purchase Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The Purchase Agreement should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as “intend,” “plan,” “estimate,” “believe,” “anticipate,” “expect,” “predict,” “project,” “propose,” “assume,” “forecast,” “outlook,” “future,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “will,” “should” and “could,” or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company’s current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to, among other things (1) the Company’s ability to complete the Equity Purchase and consummate the Closing on a timely basis or at all; (2) the final amount of the Purchase Price following post-Closing adjustments, if any, as contemplated by the Purchase Agreement; (3) the ability to satisfy (or have permissibly waived) closing and other covenants and conditions related to the Equity Purchase and the ability to obtain required regulatory approvals (including the expiration or termination of the applicable waiting period under the HSR Act) from applicable governmental entities or public utility commissions without the imposition of a Burdensome Condition not ultimately and permissibly waived under the Purchase Agreement; (4) the compliance by the parties (or the permissible waiver of such compliance) with all other agreements and obligations set forth in the Purchase Agreement; (5) the lack of existence of any Legal Restraint under the Purchase Agreement that would cause the parties to the Purchase Agreement not to consummate the Equity Purchase or effect the Closing; (6) accounting, financial, tax and other impacts of the Equity Purchase on the Company; (7) impacts of the execution, delivery, and compliance, attempted compliance or a failure by the parties to comply, with the terms of the Purchase Agreement, including the consummation of the Equity Purchase, on the Company’s current and short- and long-term operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; (8) the ability to achieve the Company’s regulatory and other strategies, benefits, plans and goals, including realizing anticipated operational and regulatory benefits, synergies and/or efficiencies, related to the completion of the Equity Purchase and/or the ownership of the water and wastewater systems owned by the Acquired Entities; (9) any requirement by the Company to pay Seller a Termination Fee under the Purchase Agreement in the event the Closing is not consummated; and (10) various other risks and uncertainties.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company’s annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company’s businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 19, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Execution Version

PURCHASE AND SALE AGREEMENT

between

Nexus Regulated Utilities, LLC,

as Seller,

and

American Water Works Company, Inc.,

as Purchaser

Dated as of May 19, 2025

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DISCLOSURE LETTERS

Seller Disclosure Letter

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of May 19, 2025, by and between Nexus Regulated Utilities, LLC, an Illinois limited liability company ("Seller") and American Water Works Company, Inc., a Delaware corporation ("Purchaser"). Each of Seller and Purchaser is, individually, a "Party," and, collectively, the "Parties."

RECITALS

WHEREAS, as of the date hereof, Seller owns 100% of the outstanding Equity Interests in the Acquired Subsidiaries (as defined below);

WHEREAS, the Acquired Subsidiaries are engaged in the business of providing water and wastewater utility services in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee, and Virginia (such business as conducted by the Acquired Subsidiaries as of the date hereof, the "Acquired Business"); and

WHEREAS, pursuant to the terms of this Agreement, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Acquired Business by purchasing 100% of the outstanding Equity Interests in the Acquired Subsidiaries (the "Transaction").

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions.

As used in this Agreement (including in the Recitals above), the following terms, when capitalized, shall have the following meanings:

"2025 Capital Expenditure Amount" means the cumulative amount of Capital Expenditures made by Seller or any of its Affiliates with respect to the Acquired Business in the 2025 calendar year, as determined in accordance with the Accounting Principles.

"2025 Capital Expenditure Excess" means the amount by which the 2025 Capital Expenditure Amount exceeds the 2025 Target Capital Expenditure Amount.

"2025 Capital Expenditure Shortfall" means the amount by which the 2025 Target Capital Expenditure Amount exceeds the 2025 Capital Expenditure Amount.

"2025 Target Capital Expenditure Amount" means $29,255,000.

"Accountant Arbitrator" has the meaning given such term in Section 2.03(c).

"Accounting Principles" means the accounting principles, policies and practices set forth on Exhibit A hereto.

"Acquired Business" has the meaning given such term in the Recitals.

"Acquired Business Assets" means all assets, properties, claims and rights of the Acquired Subsidiaries, including:

(a) all Permits Related to the Acquired Business;

(b) all Contracts Related to the Acquired Business and all rights or claims related to or arising under the foregoing;

(c) all machinery, equipment, office equipment and supplies and all other items of tangible personal property (including all furniture, furnishings, fixtures, vehicles, tools, components, laptops, tablets and smartphones) that are Related to the Acquired Business or otherwise exclusively utilized by the Acquired Business Employees;

(d) all Intellectual Property Related to the Acquired Business owned or purported to be owned by Seller or an Affiliate of Seller (excluding, for clarity, the Seller Marks and all goodwill associated therewith or symbolized thereby); and

(e) the assets, properties, claims and rights set forth on Section 1.01 of the Seller Disclosure Letter.

"Acquired Business Employees" means (a) each of the employees of Seller or its Subsidiaries listed on Schedule I hereto, which may be updated by Seller from time to time prior to Closing to reflect ordinary course staffing changes and (b) any other employee of Seller or its Subsidiaries that Purchaser and Seller mutually agree to treat as an Acquired Business Employee.

"Acquired Business Leases" has the meaning given such term in Section 3.17(b).

"Acquired Business Liabilities" means all liabilities of the Acquired Subsidiaries, including:

(a) all liabilities Related to the Acquired Business or arising therefrom;

(b) all liabilities in respect of any claim, whether or not presently threatened, asserted or pending, Related to the Acquired Business, arising therefrom or arising from the operation of the Acquired Business Assets;

(c) all liabilities arising out of any noncompliance Related to the Acquired Business or the Acquired Business Personnel with any applicable Law; and

(d) the liabilities of the Acquired Subsidiaries set forth on Section 1.02 of the Seller Disclosure Letter.

"Acquired Business Permits" has the meaning given such term in Section 3.12.

"Acquired Business Personnel" means, as of the Closing Date, any (a) current or former director, officer, consultant or employee of any Acquired Subsidiary or (b) individual who otherwise provided services Related to the Acquired Business at any point during the twelve (12)-month period immediately preceding such individual's cessation of employment or engagement with Seller or any of its Affiliates. For the avoidance of doubt, Acquired Business Personnel includes all Acquired Business Employees.

"Acquired Business Property" has the meaning given such term in Section 3.17(b).

"Acquired Interests" has the meaning given such term in Section 2.01.

"Acquired Interests Assignment Agreement" has the meaning given such term in Section 2.04(a)(ii).

"Acquired Subsidiary" or "Acquired Subsidiaries" means individually or collectively, as applicable, Colchester Utilities, Inc., Community Utilities of Indiana Inc., Community Utilities of Maryland Inc., Community Utilities of Pennsylvania Inc., Maryland Water Service, Inc., Montague Sewer Co., Inc., Montague Water Co., Inc., Prairie Path Water Company, Tennessee Water Service, Inc., and Water Service Corporation of Kentucky.

"Adjusted Purchase Price" means (a) the Base Purchase Price, *plus* (b) the Net Working Capital Excess (if any), *minus* (c) the Net Working Capital Shortfall (if any), *plus* (d) the 2025 Capital Expenditure Excess (if any), *minus* (e) the 2025 Capital Expenditure Shortfall (if any), *plus* (f) the Closing Capital Expenditure Amount, *minus* (g) the Closing Net Indebtedness, in each case of clauses (b) through (g), as finally determined in accordance with Section 2.03.

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with, the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, (a) no other portfolio company nor client, fund, investment vehicle, or separate account that is a client of or sponsored, advised or managed or owned by either (A) BCI or (B) IIF or its Affiliates shall be deemed to be an Affiliate of Seller or any of the Acquired Subsidiaries for the purposes of this Agreement, (b) the Acquired Subsidiaries shall be considered "Affiliates" of (i) Seller prior to, but not after, the Closing and (ii) Purchaser after, but not prior to, the Closing and (c) J.P. Morgan Chase & Co. and its affiliates are not Affiliates of IIF or any of its Affiliates, including Seller.

"Affiliate Contract" means any Contract between Seller or any of its Affiliates (other than any Acquired Subsidiary), on the one hand, and any Acquired Subsidiary, on the other hand.

"Agreement" has the meaning given such term in the Preamble.

"AML Laws" has the meaning given such term in Section 3.22(b).

"Ancillary Agreements" means the Acquired Interests Assignment Agreement and all other agreements, certificates and instruments executed and delivered in connection with the transactions contemplated hereby.

"Anti-Corruption Laws" has the meaning given such term in Section 3.22(a)(i).

"Applicable Transfer Time" means (a) the Closing Date or (b) with respect to any Delayed Transfer Employees, the date such Acquired Business Employee's employment transfers to the Purchaser or its Affiliate (including an Acquired Subsidiary).

"Base Purchase Price" means $315,000,000.

"BCI" means British Columbia Investment Management Corporation, including its successors and assigns.

"Books and Records" means originals, copies or electronic versions of all books, ledgers, files, reports, operating records and any other material documents of the Acquired Subsidiaries.

"Burdensome Effect" means any order, action or regulatory condition (including any Final Order) of any Governmental Entity containing terms, conditions, liabilities, obligations, commitments or sanctions, that, individually or in the aggregate, would reasonably be expected to result in a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of Purchaser and its utility Affiliates within Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia, taken as a whole (without giving effect to the Transaction); provided, however, that none of the following shall constitute or be taken into account in determining whether any such terms, conditions, liabilities, obligations, commitments or sanctions would, individually or in the aggregate, have such a Burdensome Effect: (i) any Judgment issued by any of the Utilities Commissions prior to the date of this Agreement and applicable to the Acquired Subsidiaries; (ii) any Regulatory Proceedings, including any rate cases, involving the Acquired Subsidiaries; (iii) any terms, conditions, liabilities, obligations, commitments or sanctions imposed by any of the Utilities Commissions on the Acquired Subsidiaries in connection with obtaining approval of the Subsequent Mergers or under the Fair Market Value Statutes, or (iv) any other terms, conditions, liabilities, obligations, commitments or sanctions imposed by any of the Utilities Commissions on the Acquired Subsidiaries other than in connection with obtaining a Required Statutory Approval.

"Business Day" means any day other than (a) a Saturday or a Sunday or (b) a day on which banking and savings and loan institutions are authorized or required by Law to be closed in New York City.

"Capital Expenditure" means (a) any expenditure, including construction work in process, to add to, repair, restore or replace property, plant, equipment or tools which have a useful life that extends beyond one year or which extends an asset's estimated useful life Related to the Acquired Business, which expenditures will include contracted labor, internal direct labor, materials and indirect costs including an allowance for funds used during construction, and (b) any expenditure, excluding amounts not included in rate base, to acquire an entity, assets or business of the Acquired Business or to add to, repair, restore or replace property, plant, equipment or tools related to an acquisition of an entity, assets or business of the Acquired Business.

"Closing" has the meaning given such term in Section 2.04.

"Closing Capital Expenditure Amount" means the cumulative amount of Capital Expenditures made by Seller or any of its Affiliates with respect to the Acquired Business, after December 31, 2025, until the Closing Date, as determined in accordance with the Accounting Principles, *less* an aggregate amount of $500,000 for each month (pro rated for any portion of a month) after December 31, 2025, until the Closing Date (representing the change in accumulated depreciation). For the avoidance of doubt, any amounts included in the calculations of Closing Net Indebtedness and Closing Net Working Capital, in each case, shall not be included in the calculation of the Closing Capital Expenditure Amount for the purposes of this Agreement.

"Closing Cash" means, as of the Closing Date, all (a) cash, bank deposits or cash equivalents (whether in hand or credited to any account with any banking, financial, lending or other similar institution or organization), (b) liquid or easily realizable stocks, shares, bonds, treasury bills and other securities (and interest accrued on each of the foregoing) and (c) such other line items designated for inclusion therein pursuant to the Accounting Principles, held by the Acquired Subsidiaries on a consolidated basis and without duplication.

"Closing Date" has the meaning given such term in Section 2.04.

"Closing Indebtedness" means, with respect to the Acquired Subsidiaries, on a consolidated basis and without duplication, (a) all obligations of the Acquired Subsidiaries for borrowed money, (b) all obligations of the Acquired Subsidiaries evidenced by bonds, debentures, notes or similar instruments, (c) all unpaid income Taxes of the Acquired Subsidiaries relating to taxable periods ending on or before the Closing Date (calculated in accordance with Section 8.07), excluding Taxes to be taken into account on any Tax Return that is filed on a combined, consolidated or unitary basis with Seller or an Affiliate thereof (other than an Acquired Subsidiary) and (d) PFAS Proceeds. For the avoidance of doubt, (i) all liabilities in respect of Taxes other than Taxes described in clause (c), (ii) Intercompany Indebtedness, and (iii) current liabilities relating to Capital Expenditures, in each case, shall not be included in the calculation of Closing Indebtedness.

"Closing Net Indebtedness" means, as of the Closing Date (without giving effect to the transactions contemplated in this Agreement), as determined in accordance with, and adjusted by, the Accounting Principles, (a) the Closing Indebtedness (stated as a positive amount), *minus* (b) the Closing Cash (it being understood that the Closing Net Indebtedness may be either a positive or negative number).

"Closing Net Working Capital" means, as of the Closing Date (without giving effect to the transactions contemplated in this Agreement), as determined in accordance with, and adjusted by, the Accounting Principles, (a) current assets of the Acquired Subsidiaries (excluding cash and deferred Tax assets or deferred Tax liabilities, if any), *minus* (b) current liabilities of the Acquired Subsidiaries. For the avoidance of doubt, (i) all current and deferred income Tax assets and liabilities, (ii) Intercompany Indebtedness, (iii) liabilities relating to Capital Expenditures, and (iv) the current portion of Closing Indebtedness, in each case, shall not be included in the calculation of Closing Net Working Capital.

"Closing Statement" has the meaning given such term in Section 2.03(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Benefit Plan" means each (a) "employee benefit plan" within the meaning of Section 3(3) of ERISA (whether or not subject to ERISA), (b) other benefit and compensation plan, contract, policy, program, practice, arrangement or agreement, including, but not limited to, pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life, employee loan, education assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, supplemental retirement, equity or equity-based, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement, and (c) other employment, consulting or other individual agreement, and each other benefit or compensation plan, practice, policy, contract, program, and arrangement, in each case of (a), (b), and (c) if, (i) it is sponsored, maintained or contributed to by Seller, any Acquired Subsidiary or any other ERISA Affiliate of Seller (or with respect to which any of the foregoing are a party) in each case for the benefit of the Acquired Business Personnel or (y) with respect to which any of the Acquired Subsidiaries could reasonably be expected to have any actual or potential material liability, but excluding from the definition of Company Benefit Plan any multiemployer pension plan within the meaning of Section 3(37) of ERISA.

"Conduct of Business Exceptions" has the meaning given such term in Section 5.02(a).

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of November 1, 2024, between Purchaser and Seller.

"Confidentiality Terms" has the meaning given such term in Section 5.04(b).

"Consent" has the meaning given such term in Section 3.04(b).

"Continuing Employee" has the meaning given such term in Section 6.01(b).

"Contract" means any legally binding contract, lease, license, indenture, note, bond, agreement, concession, franchise or other instrument.

"D&O Indemnified Parties" has the meaning given such term in Section 6.06(c).

"Data" means the data relating to the Acquired Subsidiaries or the Acquired Business as currently stored in either paper or an electronic format on computer servers operated by Seller (or any Affiliate thereof), including financial, employee, customer payment and billing information, customer service records, property records and maintenance records.

"Delayed Transfer Employee" means each Acquired Business Employee whose employment transfers to Purchaser or any of its Affiliates following the Closing Date, if any (including, for the avoidance of any doubt, any Leave Employee) because (a) such individual's employment may not transfer to Purchaser or an Affiliate (including an Acquired Subsidiary) before the Closing Date under applicable Laws or (b) Seller reasonably believes that it is necessary to delay the transfer of employment for such individual.

"DOJ" has the meaning given such term in Section 5.01(b).

"Environmental Claim" has the meaning given such term in Section 3.15(e).

"Environmental Law" has the meaning given such term in Section 3.15(e).

"Environmental Permit" has the meaning given such term in Section 3.15(a).

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents of such Person's capital stock, partnership interests, membership interests, limited liability company interests or other equivalent equity or ownership interests and any rights, warrants, stock appreciation rights, phantom stock or options exchangeable or exercisable for or convertible into such capital stock or other equity or ownership interests (whether embedded in other securities or not), and all rights, privileges, liabilities and obligations incident thereto (including any put rights, call rights, preemptive rights or rights of first refusal or offer with respect thereto).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" with respect to an entity shall mean any other entity that, together with such first entity, would be treated as a single employer under Section 414 of the Code.

"Estimated 2025 Capital Expenditure Amount" has the meaning given such term in Section 2.02(b).

"Estimated 2025 Capital Expenditure Excess" means the amount by which the Estimated 2025 Capital Expenditure Amount exceeds the 2025 Target Capital Expenditure Amount.

"Estimated 2025 Capital Expenditure Shortfall" means the amount by which the 2025 Target Capital Expenditure Amount exceeds the Estimated 2025 Capital Expenditure Amount.

"Estimated Closing Capital Expenditure Amount" has the meaning given such term in Section 2.02(b).

"Estimated Closing Net Indebtedness" has the meaning given such term in Section 2.02(b).

"Estimated Closing Statement" has the meaning given such term in Section 2.02(b).

"Estimated Net Working Capital" has the meaning given such term in Section 2.02(b).

"Estimated Net Working Capital Excess" means the amount by which the Estimated Net Working Capital exceeds the Target Net Working Capital.

"Estimated Net Working Capital Shortfall" means the amount by which the Target Net Working Capital exceeds the Estimated Net Working Capital.

"Excess Payment" has the meaning given such term in Section 2.03(d)(i).

"Fair Market Value Statutes" means 220 Illinois Compiled Statutes 5/9-210.5; Indiana Code 8-1-30.3; Kentucky Revised Statutes 278.295; Maryland Public Utilities Article § 6-301, *et seq.*; Tennessee Code Annotated 65-4-113; Tennessee Public Utility Regulation 1220-04-14-.03.

"Final Allocation Schedule" has the meaning given such term in Section 8.08(c).

"Final Order" has the meaning given such term in Section 7.01(a).

"Final Settlement Date" has the meaning given such term in Section 2.03(b).

"Final Statement" has the meaning given such term in Section 2.03(c).

"Financial Statements" has the meaning given such term in Section 3.05(a).

"Fraud" means a Party's knowing and intentional misrepresentations with actual knowledge of falsity with respect to the making of the representations and warranties set forth in Article III (in the case of Seller) or Article IV (in the case of Purchaser), as applicable, or in any certificate delivered pursuant to this Agreement. For the avoidance of doubt, "Fraud" does not include equitable fraud, promissory fraud, unfair dealings fraud, constructive fraud or any claim based on constructive knowledge, negligent or reckless misrepresentation or any similar theory.

"FTC" has the meaning given such term in Section 5.01(b).

"GAAP" means United States generally accepted accounting principles as in effect during the applicable periods.

"Good Utility Practice" means (a) any of the practices, methods and acts engaged in or approved by a significant portion of the water and wastewater utility industry during the relevant time period or (b) any of the practices, methods or acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, would reasonably have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition; provided that Good Utility Practice is not intended to be limited to optimum practices, methods or acts to the exclusion of all others but rather to be acceptable practices, methods or acts generally accepted in the geographic location of the performance of such practice, method or act.

"Government Official" has the meaning given such term in Section 3.22(a)(ii).

"Governmental Entity" has the meaning given such term in Section 3.04(b).

"HSR Act" has the meaning given such term in Section 3.04(b).

"IIF" means the Infrastructure Investment Fund, a fund advised by J.P. Morgan Asset Management.

"Indebtedness" means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all capitalized lease obligations of such Person or obligations of such Person to pay the deferred and unpaid purchase price of property or equipment (other than trade payables incurred in the ordinary course of business), (d) all guarantees and arrangements having the economic effect of a guarantee of such Person of any Indebtedness of any other Person, (e) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of any other Person or to purchase the obligations or property of any other Person, (f) net cash payment obligations of such Person under swaps, options, derivatives and other hedging agreements or arrangements that will be payable upon termination thereof (assuming they were terminated on the date of determination) or (g) letters of credit, performance bonds, bank guarantees and other similar contractual obligations entered into by or on behalf of such Person, to the extent amounts are drawn upon.

"Intellectual Property" means intellectual property rights existing under the Laws of any jurisdiction worldwide, including (a) patents, (b) trademarks, service marks, trade dress, logos, trade names, and Internet domain names and all goodwill associated therewith or symbolized thereby, (c) copyrighted works and copyrights, (d) trade secrets and rights in know-how and (e) as applicable, all registrations and applications for any of the foregoing.

"Intercompany Indebtedness" means any Indebtedness owed by an Acquired Subsidiary to another Acquired Subsidiary.

"IRS" means the U.S. Internal Revenue Service.

"Judgment" has the meaning given such term in Section 3.04(a).

"Knowledge" of (a) Seller means, with respect to any matter in question, the actual knowledge of the following: Steve Lubertozzi or Justin Kersey and (b) Purchaser means, with respect to any matter in question, the actual knowledge of the following: John Griffith, in each of (a) and (b), after making reasonable inquiry of such Person's direct reports having primary responsibility for such matter.

"Labor Organization" has the meaning given such term in Section 3.10(a).

"Law" means any domestic or foreign, federal, state or local statute, law (including common law), ordinance, rule, binding administrative interpretation, code, rule, regulation, Order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Entity, including the rules, directives, regulations and requests of the Utilities Commissions.

"Leased Property" has the meaning given such term in Section 3.17(b).

"Leave Employee" has the meaning given such term in Section 6.01(a).

"Legal Restraint" has the meaning given such term in Section 7.01(b).

"Liens" has the meaning given such term in Section 3.02(a).

"Loss(es)" means any and all judgments, losses, liabilities, amounts paid in settlement, damages, fines, penalties, deficiencies, losses and expenses (including interest, court costs, reasonable fees of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings or of any claim, default or assessment).

"Material Adverse Effect" means any fact, circumstance, effect, change, event or development (an "Effect") that has or would reasonably be expected to have, individually or taken together with all other Effects, a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of the Acquired Subsidiaries, taken as a whole; provided that no Effect to the extent resulting from or arising out of any of the following, individually or in the aggregate, shall constitute or be taken into account in determining whether a Material Adverse Effect has occurred: (a) any Effect affecting the water or wastewater utility industries in which the Acquired Subsidiaries operate (including, in each case, any changes in the operations thereof); (b) any Effect affecting any economic, legislative or political condition (including the imposition or adjustment of tariffs) or affecting any securities, credit, financial or other capital markets conditions, in each case in the United States, in any foreign jurisdiction or in any specific geographical area; (c) any change in customer usage patterns; (d) any failure in and of itself by the Acquired Subsidiaries to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the underlying causes of the failure to meet any projections, budgets, forecasts, estimates or predictions may be taken into account in determining whether a Material Adverse Effect may have occurred unless such cause is otherwise excepted from this definition); (e) any change attributable to the announcement, execution or delivery of this Agreement or the pendency of the transactions contemplated by this Agreement (it being understood that the exception in this clause (e) shall not apply to the references to Material Adverse Effect in the representations and warranties contained in Section 3.04(a) and, to the extent related to such portions of such representations and warranties, the condition in Section 7.03(a)), including (i) any action taken by any Acquired Subsidiary that is required or contemplated pursuant to this Agreement, or is consented to by Purchaser, or any action taken by Purchaser or any Affiliate thereof, to obtain any Consent from any Governmental Entity to the consummation of the transactions contemplated by this Agreement and the result of any such actions, (ii) any Effect in supplier, employee, financing source, shareholder, regulatory, partner or similar relationships resulting therefrom, (iii) any reduction in the credit rating of any of the Acquired Subsidiaries or (iv) any Effect that arises out of or relates to the identity of Purchaser or any of its Affiliates as the acquirer of the Acquired Subsidiaries; (f) any change in applicable Law or GAAP (or authoritative interpretation thereof); (g) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, or any escalation or worsening of any such act of war, cyber-attack, sabotage or terrorism threatened or underway as of the date hereof; (h) any hurricane, tornado, tsunami, flood, earthquake, fire or other natural disaster or weather-related event, circumstance or development; or (i) any Effect (regardless of the applicability of any other subpart hereof) arising out of, in response to, or resulting from any pandemic (including COVID-19), epidemic or other disease outbreak or any domestic or foreign protests, including any changes in habits of people or markets, or any Law or any directive, pronouncement or guideline issued by a Governmental Entity or industry group, including providing for business closures, "sheltering-in-place," curfews or other restrictions that relate to, or arise out of any of the foregoing; provided, however, that any Effect set forth in clauses (a), (b), (c) and (h) above may be taken into account in determining whether a Material Adverse Effect has occurred solely to the extent such Effect has a materially disproportionate adverse effect on the Acquired Subsidiaries, taken as a whole, as compared to other entities (if any) engaged in the water and wastewater utility business and related businesses in the same state or states in which such Effect has taken place (in which case, only the incremental disproportionate impact may be taken into account in determining whether there has been, or would be, a Material Adverse Effect, to the extent such change is not otherwise excluded from being taken into account by clauses (a) through (i) of this definition).

"Material Contract" has the meaning given such term in Section 3.16(a).

"Materials of Environmental Concern" has the meaning given such term in Section 3.15(e).

"Net Working Capital Excess" means the amount by which the Closing Net Working Capital exceeds the Target Net Working Capital, provided, however, such Net Working Capital Excess shall in no event be greater than $2,000,000 for purposes of determining the Purchase Price.

"Net Working Capital Shortfall" means the amount by which the Target Net Working Capital exceeds the Closing Net Working Capital.

"Notice of Disagreement" has the meaning given such term in Section 2.03(b).

"Order" means any order, injunction, Judgment, decree, ruling, writ, assessment, settlement, stipulation or award.

"Organizational Documents" means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, articles, notices of articles, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements and certificates of existence, as applicable.

"Outside Date" has the meaning given such term in Section 9.01(b).

"Owned Property" has the meaning given such term in Section 3.17(b).

"Party" has the meaning given such term in the Preamble.

"Permit" has the meaning given such term in Section 3.12.

"Permitted Encumbrances" means:

(a) liens for Taxes not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP;

(b) mechanic's, carriers', workmen's, repairmen's or other like liens arising or incurred in the ordinary course of business or in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations for amounts not yet delinquent or for amounts the validity of which is being contested in good faith by appropriate proceedings;

(c) easements, covenants, rights of way, convents, conditions and restrictions and other similar encumbrances or imperfections of title and other Liens that would not reasonably be expected to materially impair the value of such real property or materially impair the continued use and operation of such real property, as presently conducted;

(d) matters that are shown in title reports, title commitments, title opinions or title policies and encroachments, Liens and any matters not of record that would be disclosed by an accurate survey or inspection of such real property that would not reasonably be expected to materially impair the value of such real property or materially impair the continued use and operation of such real property, as presently conducted;

(e) zoning, entitlement, environmental or conservation restrictions and other land use and environmental restrictions and ordinances that would not reasonably be expected to materially impair the value of such real property or materially impair the continued use and operation of such real property, as presently conducted;

(f) rights, terms or conditions of any Acquired Business Lease or Liens arising under equipment leases with third parties;

(g) with respect to any Leased Property, any Liens affecting solely the interest of the landlord under the applicable Acquired Business Lease;

(h) licenses of or other grants of rights to use Intellectual Property;

(i) Liens that will be released prior to or as of the Closing Date;

(j) liens arising under applicable securities laws; and

(k) Liens arising under this Agreement.

"Person" means any individual, partnership, limited liability company, corporation, joint stock company, trust, estate, joint venture, association or unincorporated organization, or any other form of business or professional entity.

"Personal Information" has the meaning given such term in Section 5.04(c).

"PFAS Proceeds" means the aggregate amount of all cash proceeds or damages awards actually received by any Acquired Subsidiary prior to and including the Closing Date in connection with the litigation proceedings listed in Item 2 of Section 1.01 of the Seller Disclosure Letter.

"Post-Closing Transition" has the meaning given such term in Section 5.11(b).

"Pre-Closing Claims" has the meaning given such term in Section 6.06(b).

"Preliminary Purchase Price" means (a) the Base Purchase Price, *plus* (b) the Estimated Net Working Capital Excess (if any), *minus* (c) the Estimated Net Working Capital Shortfall (if any), *plus* (d) the Estimated 2025 Capital Expenditure Excess (if any), *minus* (e) the Estimated 2025 Capital Expenditure Shortfall (if any), *plus* (f) the Estimated Closing Capital Expenditure Amount, *minus* (g) the Estimated Closing Net Indebtedness.

"Proposed Allocation Schedule" has the meaning given such term in Section 8.08(c).

"Purchase Price" has the meaning given such term in Section 2.02(a).

"Purchaser" has the meaning given such term in the Preamble.

"Purchaser Fundamental Representations" means those representations and warranties set forth in Section 4.01 (*Organization, Standing and Power*), Section 4.02 (*Authority; Execution and Delivery; Enforceability*), Section 4.03(a)(i), 4.03(a)(iii) and 4.03(b) (*No Conflicts; Consents*) and Section 4.07 (*Brokers' Fees and Expenses*).

"Purchaser Indemnified Parties" has the meaning given such term in Section 8.06(a).

"Purchaser Material Adverse Effect" means any Effect that has or would reasonably be expected to have a material adverse effect on the ability of Purchaser to consummate, or that would reasonably be expected to prevent or materially impede, interfere with or delay Purchaser's consummation of, the transactions contemplated by this Agreement.

"Purchaser Statutory Approvals" has the meaning given such term in Section 4.03(b).

"Purchaser Termination Fee" means five percent (5%) of the Base Purchase Price.

"Qualified Plan" has the meaning given such term in Section 3.09(c).

"Regulatory Proceedings" has the meaning given such term in Section 5.03.

"Related to the Acquired Business" means exclusively relating to, exclusively held for use with, or exclusively used in connection with the Acquired Business, in each case, as the context requires.

"Related to the Retained Business" means primarily relating to, primarily held for use with, or primarily used in connection with the Retained Business, in each case, as the context requires.

"Release" has the meaning given such term in Section 3.15(e).

"Released Parties" has the meaning given such term in Section 10.14.

"Representatives" means, with respect to any Person, such Person's Affiliates and its and their respective officers, directors, principals, partners, managers, members, attorneys, accountants, agents, employees, consultants, financial advisors or other authorized representatives, in each case, solely to the extent acting on behalf of such Person in connection with the Transaction.

"Required Consents" has the meaning given such term in Section 4.03(a).

"Required Seller Consents" has the meaning given such term in Section 3.04(a).

"Required Statutory Approvals" has the meaning given such term in Section 4.03(b).

"Retained Business" means all other businesses, products or services, other than the Acquired Business, now, previously or hereafter conducted by Seller and the Retained Companies.

"Retained Business Assets" means, as of the Closing Date, all assets, properties, claims and rights of Seller and the Retained Companies, including:

(a) all Permits Related to the Retained Business;

(b) all Contracts Related to the Retained Business and all rights or claims related to or arising under the foregoing;

(c) all machinery, equipment, office equipment and supplies and all other items of tangible personal property (including all furniture, furnishings, fixtures, vehicles, tools, components, laptops, tablets and smartphones) that are Related to the Acquired Business or otherwise primarily utilized by the Retained Business Personnel;

(d) all assets of any Company Benefit Plan other than any Company Benefit Plan sponsored by an Acquired Subsidiary;

(e) the Seller Marks (and all goodwill associated therewith or symbolized thereby, all applications and registrations therefor and all rights and remedies against past, present, and future infringement, misappropriation, or other violation thereof) and all Intellectual Property Related to the Retained Business; and

(f) the assets, properties, claims and rights of Seller and the Retained Companies set forth on Section 1.03 of the Seller Disclosure Letter.

"Retained Business Liabilities" means, as of the Closing Date, all liabilities of Seller and the Retained Companies, including:

(a) all liabilities to the extent Related to the Retained Business or arising therefrom;

(b) all liabilities in respect of any claim, whether or not presently threatened, asserted or pending, to the extent Related to the Retained Business or the operation of the Retained Business Assets;

(c) all liabilities with respect to Company Benefit Plans other than those Company Benefit Plans sponsored by an Acquired Subsidiary;

(d) all liabilities to the extent arising out of any noncompliance Related to the Retained Business or the Retained Business Personnel with any applicable Law; and

(e) the liabilities of Seller and the Retained Companies set forth on Section 1.04 of the Seller Disclosure Letter.

"Retained Business Personnel" means employees and independent contractors of Seller and the Retained Companies other than the Acquired Business Personnel.

"Retained Companies" means all of Seller's direct and indirect Subsidiaries other than the Acquired Subsidiaries, including any Subsidiary formed after the date hereof for the purpose of engaging in the Retained Business.

"Sanctioned Jurisdiction" means any country or region subject to comprehensive Sanctions (at the time of this Agreement, Cuba, Iran, North Korea Syria, Crimea, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic regions of Ukraine and the Russian-occupied areas of the Kherson Oblast and the Zaporizhzhia Oblast).

"Sanctioned Person" means any Person subject to Sanctions, including as a result of being (a) listed on any Sanctions-related list of restricted Persons maintained by the United States (including the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State), the government of Canada, Global Affairs Canada, Public Safety Canada, the Department of Justice Canada, the United Nations Security Council, the European Union, any European Union member state and the United Kingdom, (b) located, organized, or ordinarily resident in a Sanctioned Jurisdiction or (c) directly or indirectly owned fifty percent or more or controlled, individually or in the aggregate, by one or more Persons described in the foregoing clauses (a) or (b).

"Sanctions" means any economic or financial sanctions or trade embargoes imposed, administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the government of Canada, Global Affairs Canada, Public Safety Canada, the Department of Justice Canada, the United Nations Security Council, the European Union, any European Union member state, or the United Kingdom.

"Section 338(h)(10) Elections" has the meaning given such term in Section 8.08(b).

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" has the meaning given such term in the Preamble.

"Seller Disclosure Letter" has the meaning given such term in Article III.

"Seller Fundamental Representations" means those representations and warranties set forth in Section 3.01 (*Organization, Standing and Power*), Section 3.02 (*Capital Structure; Title*), Section 3.03 (*Authority; Execution and Delivery, Enforceability*), Sections 3.04(a)(i), 3.04(a)(iii) and 3.04(b) (*No Conflicts; Consents*) and Section 3.21 (*Brokers' Fees and Expenses*).

"Seller Indemnified Parties" has the meaning given such term in Section 8.06(b).

"Seller Indirect Parent" means Nexus Water Group Holdings, Inc.

"Seller Marks" has the meaning given such term in Section 5.09(a).

"Seller Related Party" means any of Seller's former, current and future Affiliates, and each of its and their respective former, current and future direct or indirect directors, officers, principals, general or limited partners, employees, stockholders, other equity holders, members, managers, agents, successors, assignees, Affiliates, controlling Persons or representatives.

"Seller Statutory Approvals" has the meaning given such term in Section 3.04(b).

"Senior Foreign Political Figure" has the meaning given such term in 31 C.F.R. § 1010.605(p).

"Shared Seller Policies" has the meaning given such term in Section 6.06(b).

"Shortfall Payment" has the meaning given such term in Section 2.03(d)(i).

"Skadden" means Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates.

"Straddle Period" has the meaning given such term in Section 8.07.

"Straddle Period Return" has the meaning given such term in Section 8.01.

"Subsequent Mergers" means, after the Closing, the merger of each Acquired Subsidiary with and into the Subsidiary owned by Purchaser in the state that such Acquired Subsidiary is engaged in the business of providing water and wastewater utility services.

"Subsidiary" of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, more than fifty percent (50%) of the Equity Interests of which) is owned directly or indirectly by such first Person.

"Support Obligations" has the meaning given such term in Section 5.08(a).

"Surviving Covenants" has the meaning given such term in Section 10.01.

"Target Net Working Capital" means ($3,000,000).

"Tax Proceeding" has the meaning given such term in Section 8.03.

"Tax Returns" means any return, declaration, statement, report, election, claim for refund, information return or similar filing filed or required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Taxes" means any and all U.S. federal, state, local, or non-U.S. taxes, customs, tariffs, imposts, levies, duties, fees or other like assessments or charges of any kind, including gross income, net income, gross receipts, capital gains, net worth, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, capital stock, franchise, profits, branch profits, estimated, withholding, social security (or similar, including FICA), unemployment, disability, real property, or personal property, ad valorem, sales, services, digital services, use,

transfer, documentary, recording, environmental, registration, value added, alternative or add-on minimum, or other tax, governmental charge, customs duty, tariff, impost, levy or other similar charges, in each case, in the nature of a tax and imposed by a Governmental Entity, together with all interest, penalties and additions imposed with respect to such amounts, and any liability for any of the foregoing resulting from having been a member of a group filing a combined, consolidated, affiliated, unitary or similar tax group, by operation of any other applicable tax Law, or as a transferee or successor.

"Taxing Authority" means any Governmental Entity responsible for the administration or collection of any Tax.

"Transaction" has the meaning given such term in the Recitals.

"Transfer Taxes" has the meaning given such term in Section 8.05.

"Transition Committee" has the meaning given such term in Section 5.11(a).

"Transition Plan" has the meaning given such term in Section 5.11(a).

"Utilities Commissions" means Indiana Utility Regulatory Commission, Illinois Commerce Commission, Kentucky Public Service Commission, Maryland Public Service Commission, New Jersey Board of Public Utilities, Pennsylvania Public Utilities Commission, Tennessee Public Utility Commission and Virginia Corporation Commission.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar applicable state or local Law requiring notice to employees in the event of a plant closing or mass layoff.

"Water Rights" has the meaning given such term in Section 3.14.

"Willful Breach" means a material breach of, or failure to perform, any of the covenants or other agreements contained in this Agreement, that is a consequence of an act or failure to act by the breaching or non-performing Party with actual knowledge, or knowledge that a Person acting reasonably under the circumstances should have, that such Party's act or failure to act would, or would reasonably be expected to, result in or constitute a breach of or failure of performance under this Agreement.

1.02 Interpretation; Construction. When a reference is made in this Agreement to an Exhibit, an Article or a Section, such reference shall be to an Exhibit, an Article or a Section of this Agreement unless otherwise indicated. The table of contents, index of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Any reference herein to any statute shall also be deemed to refer to all rules and regulations promulgated thereunder. The words "hereof," "hereto," "hereby," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" is not exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or

other thing extends, and such phrase shall not mean simply "if." The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any Law defined or referred to herein means such Law as amended, modified or supplemented as of the applicable date or period of time. Any Contract defined or referred to herein means such Contract as from time to time amended, modified or supplemented, unless otherwise specifically indicated. References to a Person are also to its permitted successors and assigns. Unless otherwise specifically indicated, all references to "dollars" and "$" will be deemed references to the lawful money of the United States of America. Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement. The words "made available" and words of similar import refer to documents which were, at least two (2) Business Days prior to the execution of this Agreement, posted to the data site maintained by Seller or its Representatives in connection with the transactions contemplated by this Agreement. When calculating the period of time before which, within which or after which any act is to be done or step taken pursuant to this Agreement, (i) the date that is the reference date in calculating such period shall be excluded and (ii) if the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day. All references in this Agreement to a number of days are to such number of calendar days unless Business Days are specified. References herein to "as of the date hereof" or words of similar import shall be deemed to mean "as of immediately prior to the execution and delivery of this Agreement."

ARTICLE II

SALE AND PURCHASE

2.01 Sale and Purchase. Subject to the terms and conditions of this Agreement, at the Closing, Seller shall sell, convey, assign, transfer and deliver to Purchaser and Purchaser shall purchase, acquire and accept from Seller, the Equity Interests in the Acquired Subsidiaries (the "Acquired Interests"), free and clear of all Liens (other than Permitted Encumbrances), for the consideration specified in Section 2.02(a).

2.02 Purchase Price; Estimated Closing Statement.

(a) Purchase Price. At the Closing, Purchaser shall pay Seller the Preliminary Purchase Price in immediately available funds by wire transfer to an account or accounts that have been designated by Seller to Purchaser in writing prior to the Closing, which amount shall be adjusted in accordance with Section 2.03 (as so adjusted, the "Purchase Price").

(b) Estimated Closing Statement. No later than five (5) Business Days prior to the Closing Date, Seller shall deliver to Purchaser a written statement (the "Estimated Closing Statement") setting forth, with reasonable supporting information, Seller's estimated calculation of (i) the Closing Net Indebtedness (the "Estimated Closing Net Indebtedness"), also setting forth therein the calculation of the Closing Cash, (ii) the 2025 Capital Expenditure Amount (the "Estimated 2025 Capital Expenditure Amount"), (iii) the Closing Capital Expenditure Amount (the "Estimated Closing Capital Expenditure Amount") and (iv) the Closing Net Working Capital (the "Estimated Net Working Capital"), in each case, determined as of the anticipated Closing Date and calculated in accordance with the Accounting Principles.

2.03 Purchase Price Adjustments.

(a) Closing Statement. Within thirty (30) days after the Closing, Purchaser shall prepare and deliver to Seller a written statement (the "Closing Statement") setting forth, with reasonable supporting information, Purchaser's calculation of (i) the Closing Net Indebtedness, setting forth therein the calculation of the Closing Cash, (ii) the 2025 Capital Expenditure Amount, (iii) the Closing Capital Expenditure Amount, (iv) the Closing Net Working Capital and (v) any asserted Excess Payment or Shortfall Payment, in each case, determined as of the Closing Date and calculated in accordance with the Accounting Principles; provided that if Purchaser does not deliver the Closing Statement within such time period, then the Estimated Closing Statement shall be deemed to be the Closing Statement. Purchaser shall provide Seller and its Representatives reasonable access during normal business hours to the Books and Records as may reasonably be required by Seller for purposes of Seller's review of the Closing Statement. Each Party shall make itself and its Representatives available as reasonably required by the other Party for purposes of this Section 2.03.

(b) Notice of Disagreement. The Closing Statement shall become final and binding upon the Parties on the earlier of the date that is (i) thirty (30) days after receipt thereof by Seller and (ii) ten (10) days after the expiration of the thirty (30)-day time period specified in Section 2.03(a) in the event Purchaser does not deliver a Closing Statement within such time period (the "Final Settlement Date"), unless Seller gives written notice of its disagreement ("Notice of Disagreement") to Purchaser prior to such date. Any Notice of Disagreement shall specify in reasonable detail the dollar amount, nature and basis of any such disagreement. If a Notice of Disagreement is received by Purchaser, then the Closing Statement (as revised in accordance with Section 2.03(c), if applicable) shall become final and binding on the Parties on, and the Final Settlement Date shall be, the earlier of (A) the date upon which Seller and Purchaser agree in writing with respect to all matters specified in the Closing Statement and (B) the date upon which the Final Statement is issued by the Accountant Arbitrator pursuant to Section 2.03(c).

(c) During the first thirty (30) days after the date upon which Purchaser receives a Notice of Disagreement, the Parties shall attempt to resolve in writing any differences that they may have with respect to all matters specified in the Notice of Disagreement. If the Parties have not reached agreement within such thirty (30) day period, then the Parties shall, within ten (10) days thereafter, agree upon the selection of an arbitrator (the "Accountant Arbitrator"), who shall be a partner of a nationally recognized independent public accounting firm, to determine the Final Statement. If the Parties fail to agree upon the selection of the Accountant Arbitrator within such ten (10) day period, then either Party may request that the AAA appoint the Accountant Arbitrator. Upon his or her appointment, the Accountant Arbitrator shall, as soon as reasonably practicable, establish a timetable and a hearing date for the determination of the Final Statement. All proceedings before the Accountant Arbitrator shall be conducted on a confidential basis. Such proceedings shall be seated in Houston, Texas, although the Accountant Arbitrator may direct that any physical hearing occur in another location, or by video conference or teleconference. Neither the Accountant Arbitrator nor any Person within his or her firm shall have any *ex parte*

communications with any of the Parties concerning the determinations required hereunder. All communications between any Party or any of its Representatives, and the Accountant Arbitrator shall be conducted in writing, with copies sent simultaneously to the other Party in the same manner, or at a hearing or preliminary conference to which the representatives of both Seller and Purchaser have been invited and of which such Parties have been provided prior written notice. Seller and Purchaser shall, not later than seven (7) days prior to the hearing date set by the Accountant Arbitrator, each submit a brief (to include their respective calculations with regard to amounts in dispute) to the Accountant Arbitrator. Within three (3) Business Days after the conclusion of the hearing, the Accountant Arbitrator shall render a written award, which award shall include a written statement of his or her findings and conclusions regarding the calculations of the Closing Net Indebtedness (including the calculation of the Closing Cash), the 2025 Capital Expenditure Amount, the Closing Capital Expenditure Amount and the Closing Net Working Capital set forth in the Closing Statement. The Accountant Arbitrator shall (i) act as an arbitrator and not as an expert, (ii) not have power to resolve any disputes other than disagreements as to the calculations of the Closing Net Indebtedness (including the calculation of the Closing Cash), the 2025 Capital Expenditure Amount, the Closing Capital Expenditure Amount and the Closing Net Working Capital in accordance with this Section 2.03(c) and (iii) for each disputed item, not assign a value greater than the greatest value for such item claimed by either Seller or Purchaser or smaller than the smallest value for such item claimed by either Seller or Purchaser. The decision of the Accountant Arbitrator shall be final and binding on the Parties, absent manifest error, and judgment thereupon may be entered in any court of competent jurisdiction. Seller and Purchaser shall each bear fifty percent (50%) of the fees and expenses of the Accountant Arbitrator pursuant to this Section 2.03(c) and shall bear their own costs and expenses (including attorney's fees) in any dispute arising under this Section 2.03. As used in this Agreement, the term "Final Statement" shall mean (A) the Closing Statement delivered pursuant to Section 2.03(a), as subsequently adjusted, if applicable, pursuant to this Section 2.03(c) to reflect any subsequent written agreement between the Parties with respect thereto and, if submitted to the Accountant Arbitrator, any amendments or modifications to the Closing Statement decided by the Accountant Arbitrator or (B) if the Closing Statement is not delivered within the time period specified in Section 2.03(a), the Estimated Closing Statement.

(d) Final Settlement and Adjustment to Purchase Price; Payment.

(i) (A) If the Preliminary Purchase Price is less than the Adjusted Purchase Price, then the Purchase Price shall equal the Preliminary Purchase Price increased by an amount equal to such difference (a "Shortfall Payment") and (B) if the Preliminary Purchase Price is greater than the Adjusted Purchase Price, then the Purchase Price shall equal the Preliminary Purchase Price decreased by an amount equal to such difference (an "Excess Payment").

(ii) Any Shortfall Payment or Excess Payment shall be paid by Purchaser to Seller or Seller to Purchaser, respectively, not later than three (3) Business Days after the Final Settlement Date by wire transfer of immediately available funds to an account or accounts specified by Purchaser or Seller, as applicable.

To the extent permitted by applicable Law, the Parties shall treat any payment made pursuant to this Section 2.03(d) as an adjustment to the aggregate consideration paid to Seller in connection with the Transaction for all Tax purposes.

2.04 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place remotely via the exchange of electronic documents, at 9:00 a.m. New York time, on the tenth (10th) Business Day after the day on which all of the conditions set forth in Article VII have been satisfied or waived in accordance with this Agreement (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The date on which the Closing occurs is referred to as the "Closing Date." Notwithstanding anything to the contrary in Section 9.01(b), if the conditions to the Closing set forth in Article VII (except for those conditions to the Closing that by their nature are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions) have been satisfied or waived on a date that is prior to the Outside Date but the Closing Date would occur after the Outside Date, the Outside Date shall be automatically extended such that it occurs on the day immediately following the ten (10) Business Day period described in the preceding sentence. At the Closing:

(a) Seller shall deliver, or cause to be delivered, to Purchaser the following:

(i) a properly completed and executed IRS Form W-9 for Seller and each Acquired Subsidiary;

(ii) an assignment of the Acquired Interests in substantially the form of Exhibit B hereto (the "Acquired Interests Assignment Agreement"), duly executed by Seller;

(iii) all other Ancillary Agreements, if any, to which Seller or an Affiliate is a party, duly executed by Seller or such Affiliate thereof;

(iv) copies (or other evidence) of all valid Consents of all Governmental Entities required to be obtained, filed or made by Seller in satisfaction of Section 7.01(a);

(v) the officer's certificate referred to in Section 7.03(b); and

(vi) a duly executed IRS Form 8023 making the Section 338(h)(10) Election.

(b) Purchaser shall deliver, or cause to be delivered, to Seller the following:

(i) the Preliminary Purchase Price referred to in Section 2.02(a);

(ii) the Acquired Interests Assignment Agreement, duly executed by Purchaser;

(iii) all other Ancillary Agreements, if any, to which Purchaser or an Affiliate is a party, duly executed by Purchaser or such Affiliate thereof;

(iv) the officer's certificate referred to in Section 7.02(b); and

(v) copies (or other evidence) of all valid Consents of all Governmental Entities required to be obtained, filed or made by Purchaser in satisfaction of Section 7.01(a).

2.05 Withholding. Except as otherwise provided in Section 5.11, Purchaser and any other Person making payments pursuant to this Agreement shall be entitled to deduct and withhold any amount from any amounts payable pursuant to this Agreement as it is required to deduct and withhold with respect to the payment of such amounts under the Code, or any provision of U.S. federal, state, local or foreign Law. As soon as reasonably practicable, but in any event at least fifteen (15) Business Days prior to deducting or withholding from any amounts otherwise payable pursuant to this Agreement, the applicable payor shall notify the applicable payee in writing of such intent to deduct and withhold and the basis therefor and shall provide such payee with a reasonable opportunity to provide such forms or other evidence as will reduce or eliminate such deduction or withholding. Any withheld amounts shall be duly and timely paid over to the appropriate Taxing Authority and any amounts so paid over shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER REGARDING SELLER, THE ACQUIRED SUBSIDIARIES AND THE ACQUIRED BUSINESS

Except as set forth in the disclosure letter delivered by Seller to Purchaser concurrently with the execution and delivery by Seller of this Agreement (the "Seller Disclosure Letter") and subject to Section 10.12, Seller represents and warrants to Purchaser as of the date hereof and as of the Closing Date (unless otherwise stated) as follows:

3.01 Organization, Standing and Power . Each of Seller and the Acquired Subsidiaries is as of the date hereof, and as of the Closing Date each of the Acquired Subsidiaries will be, duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept), except where the failure to be so organized, existing or in good standing, individually or in the aggregate, is not and would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Subsidiaries, taken as a whole. Seller and each Acquired Subsidiary is as of the date hereof, and as of the Closing Date each of the Acquired Subsidiaries will be, duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, operation or leasing of its properties and assets makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Seller has made available to Purchaser, prior to execution of this Agreement, true, correct and complete copies of the applicable Organizational Documents of each of the Acquired Subsidiaries.

3.02 Capital Structure; Title.

(a) All the outstanding Equity Interests in each Acquired Subsidiary have been as of the date hereof, and as of the Closing Date all the outstanding Equity Interests in each of the Acquired Subsidiaries will have been, validly issued and are fully paid and nonassessable and are indirectly owned by Seller free and clear of all pledges, liens, claims, charges, mortgages, deeds of trust, security interests, easements, rights of way and other similar encumbrances (collectively, "Liens") and free of any other restrictions (including any restriction on the right to vote, sell or otherwise dispose of such Equity Interests), except for (i) Permitted Encumbrances or (ii) restrictions set forth in each Acquired Subsidiary's Organizational Documents or restrictions generally imposed on securities under U.S. federal or state securities Laws applicable to securities generally or utility Laws. Except as set forth in each Acquired Subsidiary's Organizational Documents and in this Agreement, none of the Equity Interests in the Acquired Subsidiaries are as of the date hereof, and as of the Closing Date none of the Equity Interests in the Acquired Subsidiaries will be, subject to any shareholder agreement, investor rights agreement, registration rights agreement, voting agreement, trust or proxy arrangement other than as a result of the transactions contemplated by this Agreement.

(b) Section 3.02(b) of the Seller Disclosure Letter lists the authorized and outstanding capitalization of each Acquired Subsidiary as of the date hereof. Seller has good and valid title to all Acquired Interests, free and clear of any Liens (other than (x) Permitted Encumbrances or (y) restrictions set forth in each Acquired Subsidiary's Organizational Documents or restrictions generally imposed on securities under U.S. federal or state securities Laws applicable to securities generally or utility Laws).

(c) No Acquired Subsidiary owns, directly or indirectly, any Equity Interests in, or any interest convertible into or exchangeable or exercisable for, any Equity Interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity other than ordinary course investments in publicly traded securities constituting five (5%) percent or less of a class of outstanding securities of any entity.

(d) There are no outstanding securities convertible into or exchangeable for Equity Interests in any Acquired Subsidiary or any options, warrants, phantom stock, stock appreciation rights, profit participation, purchase rights, subscription rights, conversion rights, exchange rights, calls, puts, rights of first refusal or first offer, preemptive rights, convertible securities or other Contracts that could require any Acquired Subsidiary to issue, sell or otherwise cause to become outstanding or to acquire, repurchase or redeem Equity Interests in any Acquired Subsidiary.

3.03 Authority; Execution and Delivery, Enforceability. Seller has all requisite corporate power and authority to execute and deliver this Agreement and the other Ancillary Agreements to which it is or will be a party and to consummate the Transaction and the other transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the Transaction and the transactions contemplated hereby have been duly and validly authorized and no other corporate proceedings are necessary to authorize, adopt or approve this Agreement or to consummate the Transaction and the other transactions contemplated by this Agreement. Seller has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Purchaser, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity.

3.04 No Conflicts; Consents.

(a) The execution and delivery by Seller of this Agreement does not, and the performance by Seller of its obligations hereunder and the consummation of the Transaction and the other transactions contemplated by this Agreement and the Ancillary Agreements to which Seller is a party, will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancelation or acceleration of any obligation under, or result in the creation of any Lien upon any of the properties or assets of any Acquired Subsidiary under, any provision of (i) the Organizational Documents of Seller or any Acquired Subsidiary, (ii) assuming the receipt of the Consents contemplated in Section 3.04(a)(ii) of the Seller Disclosure Letter (the "Required Seller Consents"), any Material Contract or (iii) subject to the Consents and other matters referred to in Section 3.04(b), any judgment, order or decree of a Governmental Entity or arbitrator other than a Permit ("Judgment") or Law, in each case applicable to any Acquired Subsidiary or their respective properties or assets, except, in the case of the preceding clauses (ii) and (iii), for such violations or breaches that have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) No consent, waiver, Permit, declaration or filing (any of the foregoing, a "Consent"), of or from, or made to or with, any federal, national, state, tribal, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental entity or instrumentality, whether domestic, foreign or supranational (a "Governmental Entity"), is required to be obtained or made by Seller in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Transaction and the other transactions contemplated by this Agreement, other than (i) compliance with and Consents under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), (ii) the Consents of each of the Utilities Commissions with respect to the consummation of the Transaction set forth in Section 3.04(b)(ii) of the Seller Disclosure Letter, and (iii) any pre-approvals of license transfers by the Federal Communications Commission (collectively, the Consents in the preceding clauses (i) through (iii), the "Seller Statutory Approvals").

3.05 Financial Statements.

(a) Copies of the unaudited consolidated balance sheets of the Acquired Subsidiaries for the fiscal years ended December 31, 2023 and December 31, 2024, and the related unaudited consolidated statements of income, owners' equity and cash flows with respect thereto, together with all related notes and schedules thereto (the "Financial Statements"), have been made available to Purchaser.

(b) The Financial Statements present in all material respects the financial condition and results of operations of the applicable Acquired Subsidiaries as of the dates thereof or for the periods covered thereby, and have been prepared in accordance with GAAP applied on a basis consistent with the past practices of the applicable Acquired Subsidiaries, and for the period from April 1, 2024 through December 31, 2024, with GAAP applied on a basis consistent with the past practices of the applicable Acquired Subsidiaries, except, for the absence of footnote disclosure and normal and recurring year-end adjustments, none of which would be material (whether individually or in the aggregate).

3.06 Regulation as a Utility.

(a) Each Acquired Subsidiary set forth in Section 3.06 of the Seller Disclosure Letter is a regulated public utility or public service company (or similar designation) in the jurisdiction, and by the Governmental Entity, listed opposite such Acquired Subsidiary.

(b) Since December 31, 2023, each Acquired Subsidiary has filed with the appropriate Governmental Entities all documents required to be filed by it under applicable state utility Laws, except for filings the failure of which to make are not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) As of the date hereof, no Acquired Subsidiary is subject to regulation as a public utility or public service company (or similar designation) by any other state in the United States, other than the state listed opposite such Acquired Subsidiary in Section 3.06 of the Seller Disclosure Letter.

3.07 Absence of Certain Changes or Events. Since December 31, 2024, and until the date hereof, the Acquired Business has in all material respects been conducted in the ordinary course and there has not been any event or development that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.08 Taxes. Except for failures that would not have reasonably been expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) Each Acquired Subsidiary has (i) filed, or caused to be filed, all Tax Returns that it was required to file when due in accordance with applicable Law (taking into account any extension of time within which to file) and (ii) paid or caused to be paid all Taxes shown as due and payable on such Tax Returns.

(b) There are no outstanding agreements or waivers extending the statutory period of limitations applicable to the assessment of any Tax against the Acquired Subsidiaries (other than extensions arising from an automatic extension of the due date for filing a Tax Return).

(c) There are no ongoing, pending or, to the Knowledge of Seller, threatened audits, examinations or other administrative or judicial proceedings with respect to any Taxes of any Acquired Subsidiary being conducted, or proposed deficiencies or other claims for unpaid material Taxes of the Acquired Subsidiaries.

(d) No Acquired Subsidiary (i) is now or has been a member of an "affiliated group" as defined in Section 1504 of the Code (or any similar provision of any applicable Law), other than an "affiliated group" of which Seller Indirect Parent or any of its Subsidiaries is the common parent or (ii) has any material liability for the Taxes of any other Person (other than a member of an "affiliated group" of which Seller Indirect Parent or any of its Subsidiaries is the common parent) under Treasury Regulation Section 1.1502-6 (or any similar provision of any applicable Law), or as a transferee or successor.

(e) No Acquired Subsidiary (i) is a party to or bound by, or has any liability under any Tax allocation, indemnification, sharing or similar Contract other than, (x) any Contract solely between one or more of the Acquired Subsidiaries or (y) customary indemnifications for Taxes contained in Contracts the primary purposes of which do not relate to Taxes, or (ii) has granted any power of attorney with respect to any matters related to Taxes that is currently in force.

(f) Since January 1, 2023, no Acquired Subsidiary has entered into or been a party to any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2) as of the date hereof, respectively, excluding any transactions contemplated by this Agreement.

(g) Notwithstanding anything to the contrary in this Agreement, this Section 3.08 (and so much of Section 3.09 as relates to Taxes) are the sole representations and warranties in this Agreement, and no other representation or warranty in this Agreement shall be construed or interpreted as containing any representation or warranty, in each case with respect to Tax matters. The representations and warranties set forth in this Section 3.08 (i) are made only with respect to Tax periods ending on or prior to the Closing Date and (ii) shall not be construed as a representation or warranty, and shall not be relied upon for any claim for Losses, with respect to the existence, amount, expiration date, limitation on or availability of any Tax asset or attribute attributable to any Tax period (or portion thereof) beginning after the Closing Date, or for any Tax positions taken by Purchaser or its Affiliates (including the Acquired Subsidiaries) in any Tax period (or portion thereof) beginning after the Closing Date.

3.09 Employee Benefits.

(a) Section 3.09(a) of the Seller Disclosure Letter sets forth a correct and complete list of each material Company Benefit Plan in effect as of the date hereof. Seller has made available to Purchaser written summary plan descriptions of each material Company Benefit Plan that is sponsored by an Acquired Subsidiary or an Affiliate thereof.

(b) Each Company Benefit Plan has been established, registered, operated and administered in accordance with its terms and the requirements of all applicable Laws, including ERISA and the Code, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There are no pending or, to the Knowledge of Seller, threatened material claims (other than routine claims for benefits) by, on behalf of or against any of the Company Benefit Plans or any trusts related thereto.

(c) Section 3.09(c) of the Seller Disclosure Letter identifies each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code as of the date hereof (each, a "Qualified Plan"). To the Knowledge of Seller, there are no existing circumstances and no events have occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Plan or the related trust.

(d) Each Company Benefit Plan that is intended to qualify for tax-preferred or tax-exempt treatment has been duly registered in accordance with applicable Laws, and, to the Knowledge of Seller, there are no existing circumstances and no events have occurred that could reasonably be expected to adversely affect the tax or registered status of any such Company Benefit Plan except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) With respect to each Company Benefit Plan subject to Title IV or Section 302 of ERISA or Section 412 of the Code, no liability under Title IV or Section 302 of ERISA has been incurred by any Acquired Subsidiary that has not been satisfied in full, and no condition exists that presents a material risk to any Acquired Subsidiary of incurring any such liability.

(f) None of the Acquired Subsidiaries has maintained, established, contributed to, been obligated to contribute to, or has any liability (including "withdrawal liability" within the meaning of Title IV of ERISA) with respect to any plan that is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA or a plan that has two or more contributing sponsors at least two of whom are not under common control within the meaning of Section 4063 of ERISA. No Acquired Subsidiary sponsors, has sponsored or has any obligation with respect to any employee benefit plan that provides for any United States employees with post-employment or post-retirement medical or death benefits (whether or not insured) with respect to former or current directors or employees, or their respective beneficiaries or dependents, beyond their retirement or other separation from service, except as required by Section 4980B of the Code or similar state statute.

(g) The execution of this Agreement and the consummation of the Transaction will not, either alone or, to the Knowledge of Seller, in combination with another event, (i) entitle any Acquired Business Personnel to severance pay, retention or any other bonus amount or accrued pension benefit or any other payment, (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such Acquired Business Personnel, (iii) trigger any funding obligation under any Company Benefit Plan sponsored by an Acquired Subsidiary or to which an Acquired Subsidiary is a party, (iv) result in the forgiveness of Indebtedness for the benefit of any Acquired Business Personnel or (v) result in any breach or violation of, or default under, or limit any Acquired Subsidiary's right to extend, renew, replace, amend, modify or terminate, any Company Benefit Plan sponsored by an Acquired Subsidiary or to which an Acquired Subsidiary is a party.

3.10 Labor and Employment Matters.

(a) As of the date hereof, no Acquired Subsidiary is a party to or bound by any collective bargaining agreement or other written Contract with any labor union or other similar organization with respect to any Acquired Business Employee. As of the date hereof, no Acquired Business Employees are represented by any labor union or other similar organization ("Labor Organization") with respect to their employment with an Acquired Subsidiary.

Except for matters that are not and would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, (i) there is no pending or, to the Knowledge of Seller, threatened strike, lockout, slowdown, work stoppage or unfair labor practice by or with respect to any Acquired Business Employees and (ii) to the Knowledge of Seller, there are no activities or proceedings of any Labor Organization to organize any employees of any Acquired Subsidiary and no demand for recognition as the exclusive bargaining representative of any such employees has been made by or on behalf of any Labor Organization.

(b) Except for instances of noncompliance that are not and would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, the Acquired Subsidiaries are in compliance with all applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, discrimination, sexual harassment, civil rights, affirmative action, work authorization, child labor, immigration, safety and health, disability rights or benefits, equal employment, plant closures and layoffs, workers' compensation, employee leave issues, unemployment insurance and continuation coverage under group health plans (each, if and as applicable).

3.11 Litigation. As of the date hereof, there are no claims, suits, actions, or other proceedings pending or, to the Knowledge of Seller, threatened in writing at law or in equity by or before any Governmental Entity against any Acquired Subsidiary that are reasonably likely to result in a Material Adverse Effect, and other than Permits, there are no outstanding Judgments to which any Acquired Subsidiary is a party or by which it is bound that are, individually or in the aggregate, material to the Acquired Business, taken as a whole.

3.12 Permits. Each Acquired Subsidiary has all requisite power and authority and possesses all governmental franchises, licenses, permits, authorizations, variances, easements, exemptions, exceptions, consents, certificates, orders, registrations, permissions, qualifications, clearances and other approvals (collectively, "Permits") necessary to enable such Acquired Subsidiary to own, lease and operate its respective properties and assets or to develop, produce, store, distribute, promote, offer and sell its respective products and services or otherwise to carry on the Acquired Business (collectively, the "Acquired Business Permits"), and, as of the date hereof, all such Acquired Business Permits are in full force and effect and no suspension, revocation, termination, cancellation, non-renewal, or modification not requested by Seller or an Acquired Subsidiary of any of the Acquired Business Permits is pending or, to the Knowledge of Seller, threatened, except where the failure to have such power or authority or to possess the Acquired Business Permits has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.13 Compliance with Applicable Laws. The Acquired Subsidiaries are in compliance with all applicable Laws and Acquired Business Permits except for instances of noncompliance that would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. This Section 3.13 does not relate to Tax matters, employee benefits matters, labor and employment matters, Water Rights, environmental matters or Intellectual Property, information technology or data privacy matters which are the subjects of Sections 3.08, 3.09, 3.10, 3.14, 3.15, 3.18, respectively.

3.14 Water Rights. As of the date hereof, the Acquired Subsidiaries have all material rights, authorizations, Permits, consents, contractual rights, prescriptive rights or rights of way, whether or not of record, which are necessary to extract and deliver water to their respective customers in a manner adequate and sufficient for the conduct of the Acquired Business (the "Water Rights").

3.15 Environmental Matters.

(a) The Acquired Business is, and, except for matters that have been resolved or for which the statute of limitations has expired, has been, in material compliance with all Environmental Laws in all material respects (which compliance includes possession of all material Permits required under Environmental Laws ("Environmental Permits") and compliance with the terms thereof), and no written or, to the Knowledge of Seller, oral notice has been received alleging that any Acquired Subsidiary is in violation of, or has any liability under, any Environmental Law, except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. There are no administrative or legal proceedings pending or, to the Knowledge of Seller, threatened to revoke or adversely modify the terms of any Environmental Permit, except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(b) There are no material Environmental Claims pending or, to the Knowledge of Seller, threatened against or affecting any Acquired Subsidiary.

(c) No Acquired Subsidiary has contractually or, to the Knowledge of Seller, by operation of law, retained or assumed any liabilities or obligations that Seller expects would form the basis of any Environmental Claim against any Acquired Subsidiary, except in respects that are not and would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Subsidiaries, taken as a whole.

(d) To the Knowledge of Seller, there has been no Release of any Materials of Environmental Concern at any Owned Property or Leased Property at any property formerly owned, leased or used by any of the Acquired Subsidiaries during the time of such ownership, leasing or use, that in any case requires reporting, investigation, assessment, cleanup, or remediation by Seller or any of the Acquired Subsidiaries pursuant to any Environmental Law, except to the extent that such Release or threatened Release has been addressed appropriately pursuant to Environmental Law or to the extent that such reporting, investigation, assessment, cleanup or remediation is not and would not be reasonably expected to be material to the Acquired Subsidiaries taken as a whole.

(e) For all purposes of this Agreement: (i) "Environmental Claims" means any and all administrative, regulatory or judicial suits, actions, other proceedings, demands, investigations, Judgments, directives, Liens or written or oral notices of noncompliance or violation by or from any Person alleging liability of any kind or nature (including liability or responsibility for Losses relating to enforcement proceedings, investigations, cleanup, removal, remediation, mitigation, corrective actions, response actions, natural resource damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from (A) the presence or Release of, or exposure to, any Materials of Environmental Concern at any location or (B) the failure to comply with any Environmental Law; (ii) "Environmental

Law" means any Law, Judgment, Permit or legally binding agreement issued, promulgated or entered into by or with any Governmental Entity relating to pollution, contamination, water quality, natural resources, the climate, human health and safety (as it relates to exposure to or handling of Materials of Environmental Concern) or the protection or conservation of the environment (including ambient and indoor air, surface water, groundwater, land surface or subsurface strata, natural resources or endangered or threatened species); (iii) "Materials of Environmental Concern" means any per- and polyfluoroalkyl substances, petroleum or petroleum products, radioactive materials or wastes, asbestos in any form, polychlorinated biphenyls, hazardous or toxic substances and any other chemical regulated as "hazardous," "toxic," a pollutant, a contaminant or words of similar import under Environmental Laws; and (iv) "Release" means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration.

3.16 Material Contracts.

(a) Section 3.16(a) of the Seller Disclosure Letter sets forth, to the extent in effect as of the date hereof, a list of the following (excluding any Company Benefit Plan and any insurance Contract or policy):

(i) each non-competition Contract or other Contract containing terms that expressly limit any Acquired Subsidiary from engaging or competing in any line of business or in any geographic area in a manner that would be reasonably likely to be material to the Acquired Business;

(ii) each Contract pursuant to which any Indebtedness of any Acquired Subsidiary for an amount greater than $10,000,000 is outstanding or may be incurred, other than any such Contract or understanding solely between or among the Acquired Subsidiaries;

(iii) each partnership or joint venture Contract to which any Acquired Subsidiary is a party relating to the formation, creation, operation, management or control of any partnership or joint venture, in each case material to the Acquired Business;

(iv) each Contract providing for the purchase or other acquisition or sale or other disposition (directly or indirectly) by any of the Acquired Subsidiaries of an asset or assets or a business or businesses (A) in which the aggregate purchase or sale price (regardless of whether the consideration was paid or received) (1) was paid upon closing or was to be paid over time, (2) involved an earn-out or other contingency (in which case the amount of the consideration subject to any as yet-unrealized earn-out or other contingency shall be estimated reasonably and in good faith) and (3) in the form of cash, stock, assets, a debt instrument or otherwise, was in excess of $20,000,000 and (B) under which any of the Acquired Subsidiaries have or are reasonably likely to have a payment obligation, including any obligation to make any indemnification payment (other than indemnification with respect to directors and officers) or any payment under any guarantee or other financial obligation, in each case, involving consideration in excess of $5,000,000;

(v) each Contract or understanding to which any Acquired Subsidiary is a party involving the future disposition or acquisition of assets or properties with a fair market value in excess of $5,000,000; and

(vi) each Contract which obligates any Acquired Subsidiary to make future payments in excess of (A) $2,500,000 in connection with operations and maintenance services and (B) $20,000,000 for construction services in connection with Capital Expenditures, in each case, not terminable by the applicable Acquired Subsidiary without material penalty on one hundred twenty (120) days' or less notice.

Each Contract or understanding of the type described in this Section 3.16(a) is referred to herein as a "Material Contract."

(b) Except as has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) each Material Contract is a valid, binding and legally enforceable obligation of one of the Acquired Subsidiaries, as the case may be, and, to the Knowledge of Seller, of the other parties thereto, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity, (ii) each such Material Contract is in full force and effect and (iii) no Acquired Subsidiary is (with or without notice or lapse of time, or both) in breach or default under any such Material Contract and, to the Knowledge of Seller, no other party to any such Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

3.17 Real Property.

(a) Except as has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) an Acquired Subsidiary has good and valid fee simple title to all Owned Property, in each case, free and clear of all Liens (other than Permitted Encumbrances) and (ii) there is no suit, action or other proceeding pending or, to the Knowledge of Seller, threatened against or affecting any Acquired Subsidiary challenging the applicable Acquired Subsidiary's fee simple title to the Owned Property.

(b) (i) An Acquired Subsidiary holds good and subsisting leasehold interests in the Leased Property, free and clear of all Liens (other than Permitted Encumbrances or Liens which do not, individually or in the aggregate, materially impair and would not reasonably be expected to materially impair the continued use and operation of the Leased Property, as presently conducted), and (ii) except as has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (A) all Acquired Business Leases are in full force and effect and (B) there is not any existing material breach of, or material default under, any Acquired Business Lease by any Acquired Subsidiary.

For all purposes of this Agreement, (i) "Owned Property" means the material real property and personal property (other than the Water Rights) owned by an Acquired Subsidiary and necessary to conduct the Acquired Business, (ii) "Leased Property" means the real property (other than the Water Rights) leased pursuant to the Acquired Business Leases, (iii) "Acquired Business Leases" means the leases, subleases, licenses or other occupancy agreements for real property material to the Acquired Business to which any Acquired Subsidiary is a party that are currently in effect and (iv) "Acquired Business Property" means the Leased Property and the Owned Property.

(c) Except as has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (i) no condemnation, eminent domain or other similar proceeding is pending or, to the Knowledge of Seller, threatened against any of the Acquired Business Property and (ii) to the Knowledge of Seller, there are no outstanding options, rights of first offer or rights of first refusal for any other Person to purchase any Acquired Business Property or any portion thereof or interest therein.

3.18 Intellectual Property; Information Technology; Data Privacy.

(a) Section 3.18(a) of the Seller Disclosure Letter sets forth, as of the date hereof, a correct and complete list of all (i) patents and patent applications, (ii) trademark registrations and applications (excluding, for clarity, for Seller Marks) and (iii) copyright registrations, in each case, which is owned by the Acquired Subsidiaries.

(b) As of the Closing Date, except for matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (i) each Acquired Subsidiary owns any material Intellectual Property owned or purported to be owned by it, and, is validly licensed or otherwise has the right to use all other material Intellectual Property used in the operation of the Acquired Business as currently conducted (excluding the Seller Marks); provided that the foregoing shall not be deemed to constitute a representation or warranty with respect to infringement, misappropriation or other violation of Intellectual Property (which is solely addressed in clauses (ii) through (iv) below), (ii) as of the date hereof, no suits, actions or other proceedings are pending or, to the Knowledge of Seller, threatened in writing against an Acquired Subsidiary alleging that any Acquired Subsidiary is infringing, misappropriating or otherwise violating the Intellectual Property of any Person, (iii) to the Knowledge of Seller, no Person is infringing, misappropriating or otherwise violating any Intellectual Property owned by any Acquired Subsidiary, and (iv) to the Knowledge of Seller, the conduct of the business of the Acquired Subsidiaries as currently conducted does not infringe, misappropriate or otherwise violate, and has not in the past two (2) years, infringed, misappropriated or otherwise violated, the Intellectual Property of any other Person.

3.19 Insurance. Section 3.19 of the Seller Disclosure Letter sets forth a list of all material insurance policies maintained as of the date hereof by any Acquired Subsidiary or with respect to which any Acquired Subsidiary is a named insured or otherwise the beneficiary of coverage. As of the date hereof, each such insurance policy listed in Section 3.19 of the Seller Disclosure Letter is in full force and effect, and neither Seller nor any Acquired Subsidiary has, with respect to the Acquired Business, received any notice from the insurer under any such insurance policy of non-renewal.

3.20 Related Party Transactions. Except for Contracts entered into on arm's-length terms or that will be terminated as of the Closing Date (in both cases which have been set forth in Section 3.20 of the Seller Disclosure Letter), there are no Contracts that are in existence as of the date hereof between, on the one hand, any Acquired Subsidiary and, on the other hand, (a) any present executive officer or director of any Acquired Subsidiary or any person that has served as an executive officer or director of any Acquired Subsidiary within the last two (2) years or any of such officer's or director's immediate family members or (b) to the Knowledge of Seller, any Affiliate of any such officer or director.

3.21 Brokers' Fees and Expenses. Except for RBC Capital Markets, LLC, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or any Acquired Subsidiary.

3.22 Anti-Corruption; Anti-Money Laundering; Sanctions.

(a) None of Seller or the Acquired Subsidiaries or, to the Knowledge of Seller, any of their respective directors, officers, employees or other Persons acting on behalf of any of the foregoing, directly or indirectly in relation to the Acquired Subsidiaries, has, since the date falling two (2) years prior to the date hereof:

(i) violated any applicable anti-corruption Laws in any material respect, including the Corruption of Foreign Public Officials Act (Canada), the U.S. Foreign Corrupt Practices Act or any other applicable anti-corruption Law (collectively, "Anti-Corruption Laws");

(ii) made, offered or promised to make, or authorized the payment or giving of money, or anything else of value, to any (A) executive, official, employee or Person acting in an official capacity for or on behalf of a Governmental Entity, (B) political party or official thereof, or candidate for political office (each of the foregoing a "Government Official"), or (C) any other Person, while knowing or believing that all or some portion of the money or value will be offered, given or promised to a Government Official, in the case of clause (A), (B) or (C), for the purposes of obtaining or retaining business or securing any improper advantage in violation of any applicable Anti-Corruption Law or in other circumstances when such offer, payment or promise would be unlawful; or

(iii) been the subject of any suit, action or other proceeding or, to the Knowledge of Seller, investigation with regard to any actual or alleged breach of any Anti-Corruption Law.

(b) Seller and each Acquired Subsidiary and any Person controlling Seller and the Acquired Subsidiaries (in each case, solely with respect to their relationship with the Acquired Subsidiaries) is in compliance in all material respects with all applicable anti-money laundering Laws related to the prevention of money laundering and terrorist financing, including to the extent applicable the Bank Secrecy Act, the USA PATRIOT Act and the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (collectively, "AML Laws") and applicable Sanctions.

(c) None of Seller or the Acquired Subsidiaries, nor any Person controlling Seller or the Acquired Subsidiaries, is currently, or has been since April 24, 2019, a Sanctioned Person.

3.23 No Additional Representations. Except for those representations and warranties expressly set forth in this Article III and except as otherwise expressly set forth in this Agreement, none of Seller or any other Person acting on behalf of Seller or the Acquired Subsidiaries has made or makes any representation or warranty of any kind or nature, express or implied, with respect to the Acquired Subsidiaries or any of their Affiliates or any of their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects in connection with this Agreement or the transactions contemplated by this Agreement. In addition, without limiting the generality of the foregoing, none of the Acquired Subsidiaries or other Person acting on behalf of the Acquired Subsidiaries has made or makes any representation or warranty with respect to any projections, estimates or budgets made available to Purchaser or its Affiliates of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Acquired Subsidiaries.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the date hereof and as of the Closing Date (unless otherwise stated) as follows:

4.01 Organization, Standing and Power. Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept). Purchaser is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership, operation or leasing of its properties and assets makes such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

4.02 Authority; Execution and Delivery; Enforceability. Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and the other Ancillary Agreements to which it is or will be a party and to consummate the Transaction and the other transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the Transaction and the transactions contemplated hereby have been duly and validly authorized and no other corporate proceedings are necessary to authorize, adopt or approve this Agreement or to consummate the Transaction and the other transactions contemplated by this Agreement. Purchaser has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Seller, this Agreement constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally and by general principles of equity.

4.03 No Conflicts; Consents.

(a) The execution and delivery by Purchaser of this Agreement does not, and the performance by Purchaser of its obligations hereunder and the consummation of the Transaction and the other transactions contemplated by this Agreement, and the Ancillary Agreements to which Purchaser is a party, will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancelation or acceleration of any obligation under, or result in the creation of any Lien upon any of the properties or assets of Purchaser under, any provision of (i) its Organizational Documents, (ii) any Contract to which Purchaser is a party or by which any of its properties or assets is bound or any Permit applicable to the business of Purchaser and its Affiliates, or (iii) subject to the Consents and other matters referred to in Section 4.03(b), any Judgment or Law, in each case applicable to Purchaser or its properties or assets, except, in the case of the preceding clauses (ii) and (iii), for such violations or breaches that have not had and would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(b) No Consent, of or from, or made to or with, any Governmental Entity, is required to be obtained or made by Purchaser or any Affiliate of Purchaser in connection with Purchaser's execution and delivery of this Agreement or its performance of its obligations hereunder, other than (i) compliance with and Consents under the HSR Act, (ii) the Consents of each of the Illinois Commerce Commission, the Kentucky Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities, the Pennsylvania Public Utilities Commission, the Tennessee Public Utility Commission and the Virginia Corporation Commission with respect to the consummation of the Transaction, and (iii) any pre-approvals of license transfers by the Federal Communications Commission (collectively, the Consents in the preceding clauses (i) through (iii), the "Purchaser Statutory Approvals" and together with the Seller Statutory Approvals, the "Required Statutory Approvals").

4.04 Litigation. As of the date hereof, there are no claims, suits, actions or other proceedings pending or, to the Knowledge of Purchaser, threatened in writing at law or in equity by or before any Governmental Entity against Purchaser, and there are no outstanding Judgments to which Purchaser is a party or by which it is bound by or with any Governmental Entity, in each case, that has had or would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

4.05 Compliance with Applicable Laws. Except as has not had or would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, Purchaser is in compliance with all applicable Laws and material Permits applicable to the business and operations of Purchaser.

4.06 Financial Capacity; Solvency. On and after the date hereof, Purchaser has sufficient cash or other access to sources of immediately available funds to pay in cash the Preliminary Purchase Price and for all other actions necessary for Purchaser to consummate the transactions contemplated in this Agreement and perform its obligations hereunder. Purchaser acknowledges that receipt or availability of funds or financing by Purchaser or any of its Affiliates shall not be a condition to Purchaser's obligations hereunder. After giving effect to the transactions contemplated

hereby, and assuming the accuracy of the representations and warranties of Seller contained in this Agreement, Purchaser will not (a) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair saleable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured), (b) have unreasonably small capital with which to engage in its business or (c) have incurred or plan to incur debts beyond its ability to pay as they become absolute and matured.

4.07 Brokers' Fees and Expenses. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated under this Agreement based upon arrangements made by Purchaser or any of its Affiliates.

4.08 Information. Seller and the Acquired Subsidiaries have provided Purchaser with such access to the facilities, books, records and personnel of the Acquired Subsidiaries as Purchaser has deemed necessary and appropriate in order for Purchaser to investigate to its satisfaction the Acquired Business and properties of the Acquired Subsidiaries sufficiently to make an informed investment decision to purchase the Acquired Interests and to enter into this Agreement. Purchaser is knowledgeable, sophisticated and experienced in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Acquired Interests, and Purchaser is capable of bearing the economic risks of an investment in the Acquired Interests for an indefinite period and could afford a complete loss of such investment. Purchaser's purchase of the Acquired Interests on the Closing Date shall be based upon its own investigation, examination and determination with respect thereto as to all matters and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Seller, except as expressly set forth in this Agreement. Purchaser does not know of the existence or non-existence or occurrence or non-occurrence of any event, condition or circumstance the occurrence or non-occurrence of which does or would cause any representation or warranty of Seller contained in this Agreement to be untrue or inaccurate in any respect or would excuse Purchaser from its timely performance of its obligations hereunder.

4.09 Purchase for Investment. Purchaser understands and acknowledges that the Acquired Interests being acquired by Purchaser pursuant to the transactions contemplated hereby have not been registered under the Securities Act or under any state securities Laws. Purchaser is not an underwriter, as such term is defined under the Securities Act, and Purchaser is purchasing the Acquired Interests solely for its own account for investment purposes and not with a view toward, or for sale in connection with, any distribution of such securities or any portion thereof (or any securities issuable upon conversion or exchange thereof) in violation of any federal or state securities Laws. Purchaser and its Affiliates acknowledge that the Acquired Interests are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities Laws for transactions not involving any public offering and, therefore, cannot be re-offered for sale, re-sold or otherwise transferred except in compliance with the registration requirements or exemption provisions under the Securities Act and the rules and regulations promulgated thereunder, or any other applicable securities Laws. Purchaser is an "accredited investor" as defined in Regulation D under the Securities Act, and Purchaser is not subject to, and has not been subject to or experienced (in each case, within the period of time prescribed by the applicable disqualifying or disclosable event under Rule 506(d) of the Securities Act), any of the disqualifying events described in Rule 506(d)(1)(i)-(viii) of the Securities Act.

4.10 Anti-Money Laundering; Sanctions.

(a) Purchaser and any Person controlling Purchaser is in compliance in all material respects with all applicable AML Laws and Sanctions.

(b) None of Purchaser, nor any Person controlling Purchaser, is currently, or has been since April 24, 2019, a Sanctioned Person.

(c) None of Purchaser, nor, to the Knowledge of Purchaser, any Person controlling Purchaser, is a Senior Foreign Political Figure, an immediate family member of a Senior Foreign Political Figure, or a close associate of a Senior Foreign Political Figure.

None of Purchaser, nor, to the Knowledge of Purchaser, any Person controlling Purchaser is a foreign shell bank, as defined in 31 C.F.R. § 1010.605(g).

ARTICLE V
COVENANTS

5.01 Further Actions; Regulatory Approvals; Required Actions.

(a) Subject to the terms and conditions of this Agreement, each of the Parties shall use reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, and assist and cooperate with the other Party in doing, all things necessary to cause the conditions to the Closing set forth in Article VII to be satisfied as promptly as reasonably practicable or to effect the Closing as promptly as reasonably practicable, including (i) making all necessary filings with Governmental Entities and (ii) obtaining the Required Statutory Approvals, the Required Consents and all other Consents that are necessary, proper or advisable to consummate the transactions contemplated hereunder. Each of the Parties shall use commercially reasonable efforts to cooperate with the other Party with respect to any actions required under the Fair Market Value Statutes or in connection with seeking Consent from the Utilities Commissions for the Subsequent Mergers; provided, however, that no specific Consent or finding under the Fair Market Value Statutes nor any such Consents relating to the Subsequent Mergers shall constitute a condition to Closing.

(b) In connection with and without limiting the generality of Section 5.01(a) on or as promptly as reasonably advisable after the three (3)-month anniversary but prior to the six (6)-month anniversary of the date hereof the Parties shall file with the United States Federal Trade Commission (the "FTC") and the Antitrust Division of the United States Department of Justice (the "DOJ") Notification and Report Forms relating to the transactions contemplated herein required by the HSR Act. Without limitation of Section 5.01(c) below, each Party shall, as promptly as reasonably practicable, (i) supply the other Party with any information which may be required in order to effectuate such filings and (ii) supply any additional information which reasonably may be required by the FTC or the DOJ.

(c) The Parties shall use reasonable best efforts to prepare and file, or cause to be prepared and filed, as promptly as reasonably practicable after the date hereof but in no event more than forty-five (45) Business Days or by such other time as is mutually agreed to by the Parties, all Consents required to be filed with any Governmental Entity with respect to the Transaction and the other transactions contemplated by this Agreement, including

all Required Statutory Approvals except for any filings in connection with the HSR Act which shall be prepared and filed in accordance with Section 5.01(b). Each Party shall, as promptly as reasonably practicable, (i) supply the other Party with any information which reasonably may be required in order to effectuate such filings, (ii) supply any additional information which reasonably may be required by a Governmental Entity of any jurisdiction and which the Parties may reasonably deem appropriate and (iii) subject to applicable Law and the instructions of any Governmental Entity, keep each other apprised of the status of matters relating to the completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by a Party or any of their respective Subsidiaries or Affiliates, from any third party or any Governmental Entity with respect to such transactions. No Party shall independently participate in any meeting, or engage in any substantive conversation, with any Governmental Entity in respect to any such filings, investigation or other inquiry without using reasonable best efforts to give (to the extent feasible and appropriate) the other Party prior notice of the meeting or conversation and, unless prohibited by such Governmental Entity, a reasonable opportunity to attend or participate. Subject to applicable Law and the instructions of any Governmental Entity, the Parties will consult and cooperate with one another and permit the other Party or its counsel to review in advance, and consider in good faith the views of the other in connection with, any proposed written or oral communication by such Party to any Governmental Entity in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party in connection with proceedings under or relating to the Required Statutory Approvals or any applicable state Laws in connection with the Transaction and the other transactions contemplated by this Agreement.

(d) The Parties shall and shall cause their respective Subsidiaries and Affiliates to, (i) use reasonable best efforts to obtain, and to maintain in full force and effect once obtained, any approval, consent, ratification, permission, waiver or authorization required to be obtained from any Governmental Entity with respect to the Transaction and the other transactions contemplated by this Agreement, including all Required Statutory Approvals, prior to the Closing, and (ii) reasonably cooperate with the other in connection therewith. Nothing contained in this Agreement (including the obligations set forth in the first sentence of this Section 5.01(d) and Section 5.01(c)) shall require (A) Seller or any of its Affiliates to take any action or agree to any commitment in connection with obtaining the Seller Statutory Approvals or (B) Purchaser or any of its Affiliates to take any action or agree to any commitment in connection with obtaining the Purchaser Statutory Approvals that is not conditioned on the Closing.

(e) Without limiting the foregoing, Purchaser shall take, or cause to be taken, any and all actions to eliminate any actual or asserted impediment under any applicable Law to enable the Closing to occur, including, if necessary to obtain any Required Statutory Approval (i) proposing, negotiating, committing to, and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, license or disposition of such business, product lines, assets or properties of Purchaser or its Affiliates as may be necessary to obtain such Required Statutory Approval, (ii) terminating, modifying or waiving existing contractual rights, relationships or obligations and (iii) taking any action to avoid, eliminate or resolve each and every actual or threatened impediment to obtaining such Required Statutory Approval. Notwithstanding the foregoing, this Section 5.01 shall not (A) require Purchaser, or any Affiliate of Purchaser or (B) permit Seller or any of the Acquired Subsidiaries, without the prior written consent of Purchaser (which consent shall not to be unreasonably withheld, conditioned, or delayed), to undertake any efforts or take any action (including accepting any terms, conditions, liabilities, obligations, commitment, sanctions or other measures) if the taking of such efforts or action, individually or in the aggregate, has resulted or would reasonably be expected to result in a Burdensome Effect.

(f) The Parties shall each (i) give the other prompt notice of the commencement or threat of commencement of any legal proceeding by or before any Governmental Entity with respect to the Transaction or any of the other transactions contemplated by this Agreement, (ii) keep the other informed as to the status of any such legal proceeding or threat and (iii) cooperate in all material respects with each other with respect to any such action or proceeding.

(g) Purchaser shall not, and shall cause its Affiliates not to, take any action, including acquiring any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to materially and adversely affect Purchaser's ability to obtain any Purchaser Statutory Approval or Required Consent or materially delay the timely receipt thereof.

(h) Purchaser shall be responsible for and shall pay all filing fees and other charges for the filings required pursuant to this Section 5.01. Seller shall not be required to pay any amount in connection with obtaining the Required Consents, Required Statutory Approvals or otherwise complying with this Section 5.01.

5.02 Conduct of Business.

(a) Except for (1) actions taken in connection with the Retained Business, (2) the matters set forth in Section 5.02(a) of the Seller Disclosure Letter or actions otherwise permitted or required by this Agreement, (3) as required by applicable Law or (4) actions taken with the prior written consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed) (the exceptions under clauses (1) through (4) above, the "Conduct of Business Exceptions"), from the date hereof to the Closing Date, Seller shall, and shall cause each Acquired Subsidiary to, (x) use commercially reasonable efforts to conduct the Acquired Business in the ordinary course consistent with past practice in all material respects, (y) use commercially reasonable efforts to (A) preserve the goodwill and maintain all material relationships of each Acquired Subsidiary with customers, suppliers, Governmental Entities and other Persons with which the Acquired Subsidiaries have material business dealings and (B) preserve, maintain and protect the material assets of the Acquired Business and the Acquired Subsidiaries (ordinary wear and tear excepted) and (z) maintain in full force and effect customary insurance policies providing coverage for each Acquired Subsidiary. In addition, and without limiting the generality of the foregoing, subject to the Conduct of Business Exceptions, from the date hereof to the Closing Date, Seller shall not, and shall not permit any Acquired Subsidiary to, do any of the following (solely with respect to the Acquired Subsidiaries):

(i) amend the Organizational Documents of any Acquired Subsidiary (except for immaterial or ministerial amendments);

(ii) transfer, issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (other than Permitted Encumbrances) (A) any Equity Interests in an Acquired Subsidiary, (B) any securities convertible into Equity Interests in an Acquired Subsidiary or (C) any warrants, calls, options or other rights to acquire any Equity Interests in an Acquired Subsidiary, in each case except in connection with incurrence of Indebtedness as permitted by this Agreement;

(iii) split, combine, consolidate, subdivide or reclassify Equity Interests in an Acquired Subsidiary, or issue or authorize the issuance of any other Equity Interests in an Acquired Subsidiary;

(iv) adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

(v) (A) grant to any Acquired Business Employee any material increase in compensation or benefits except for increases in base salary, wages or annual or other incentive compensation made in the ordinary course of business or (B) establish, adopt, enter into, amend in any material respect or terminate any Company Benefit Plan sponsored by an Acquired Subsidiary or to which an Acquired Subsidiary is a party (or any plan or agreement that would be a Company Benefit Plan sponsored by an Acquired Subsidiary or to which an Acquired Subsidiary is a party if in existence on the date hereof) by any such Company Benefit Plan covering any Acquired Business Employee or by applicable Law;

(vi) make any material change in accounting methods, principles or practices, except to the extent as may have been required by a change in applicable Law, GAAP or by any Governmental Entity;

(vii) make any acquisition or disposition of any business or line of business (whether by merger, consolidation or acquisition of stock or assets), except for any acquisition or disposition for consideration that is individually not in excess of $10,000,000 and in the aggregate not in excess of $25,000,000; or pursuant to the capital plan set forth in Section 5.02(a)(vii) of the Seller Disclosure Letter (for the avoidance of doubt, Capital Expenditures for the purchase of assets shall be governed solely by Section 5.02(a)(viii));

(viii) make, or agree or commit to make, any Capital Expenditure, except for (A) Capital Expenditures in accordance with the capital plan set forth in Section 5.02(a)(viii) of the Seller Disclosure Letter, *plus* a 25% positive variance for each principal category set forth in such capital plan, (B) with respect to any Capital Expenditure not addressed by the preceding clause (A), not to exceed $10,000,000 in any 12-month period or (C) Capital Expenditures related to operational emergencies, equipment failures or outages or deemed necessary or prudent based on Good Utility Practice;

(ix) other than in the ordinary course of business or with respect to a Material Contract that otherwise would be permitted pursuant to another subsection of this Section 5.02, either (A) extend, renew, replace, amend, modify or terminate any Material Contract in a manner which would be reasonably expected to result in a Material Adverse Effect or (B) enter into any Contract that would have been a Material Contract if it had been entered into prior to the date hereof;

(x) (A) make (other than in the ordinary course of business), change or rescind any material Tax election, material method of Tax accounting or any annual Tax accounting period, or (B) settle or compromise any audit, assessment, claim or other controversy, in each case relating to material Taxes;

(xi) enter into any new line of business;

(xii) initiate, settle or compromise any claim or other proceeding involving an amount equal to or in excess of $10,000,000, or waive, release or assign any material rights or claims thereunder, excluding, in each case, any such claim or other proceeding that are solely with the control of an insurer; or

(xiii) enter into any Contract to do any of the foregoing.

In the event that Seller or any Acquired Subsidiary would be prohibited from taking any action by reason of this Section 5.02(a) without the prior written consent of Purchaser, such action may nevertheless be taken without such consent if Seller requests Purchaser's prior written consent and Purchaser fails to respond in writing or fails to withhold its consent to such request within five (5) Business Days after the date of such request; provided that Purchaser shall use reasonable best efforts to respond within any such shorter time period as may be requested by Seller and reasonably warranted by the circumstances.

(b) Emergencies. Notwithstanding anything to the contrary herein, Seller may, and may cause any Acquired Subsidiary to, take reasonable actions (i) to comply with applicable Law (including any Law, directive, pronouncement or guideline issued by a Governmental Entity or industry group providing for business closures, "sheltering-in-place" or other restrictions that arise from or are in response to or otherwise resulting from any pandemic, epidemic or disease outbreak or domestic or foreign protest) or (ii) with respect to any operational emergencies (including any restoration measures in response to any hurricane, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural disaster, severe weather-related event, circumstance or development, act of terrorism or sabotage), cybersecurity incidents, equipment failures, outages or an immediate and material threat to the health or safety of natural Persons.

(c) No Control of Seller's Business. Purchaser acknowledges and agrees that (i) nothing contained herein is intended to give Purchaser, directly or indirectly, the right to control or direct the operations of Seller, the Acquired Business or any Acquired Subsidiary prior to the Closing Date and (ii) prior to the Closing Date, Seller shall exercise complete control and supervision over the Acquired Business and the Acquired Subsidiaries' respective operations.

(d) For the avoidance of doubt, this Section 5.02 does not relate to the ability of Seller or the Acquired Subsidiaries to make filings in connection with, or agree to settlement or stipulation of, Regulatory Proceedings.

5.03 Regulatory Proceedings. Between the date hereof and the Closing Date, Seller and the Acquired Subsidiaries may (a) initiate, continue to pursue or settle rate cases and any other regulatory proceedings in the ordinary course of business and (b) initiate or participate in any other proceeding with Governmental Entities in the ordinary course of business (the preceding clauses (a) and (b), collectively, "Regulatory Proceedings"); provided that in any Regulatory Proceeding described in the preceding clauses (a) and (b), Seller shall cause the Acquired Subsidiaries to keep the Purchaser reasonably informed as to the progress of such Regulatory Proceedings, and to the extent reasonably practicable and as permitted by applicable Law, consult in advance with Purchaser and consider in good faith any suggestions made by Purchaser in connection therewith, except with respect to Regulatory Proceedings of the type disclosed in the preceding clauses (a) and (b) that are immaterial to the applicable Acquired Subsidiary.

5.04 Access and Information.

(a) Subject to applicable Law and the Confidentiality Agreement, Seller shall, and shall cause each of the Acquired Subsidiaries to, afford to Purchaser and its Representatives reasonable access (at Purchaser's sole cost and expense), during normal business hours and upon reasonable advance notice, during the period from the date hereof until the earlier of the Closing Date or termination of this Agreement pursuant to Section 9.01, to such properties, books, contracts, commitments, personnel and records that are Related to the Acquired Business as Purchaser may reasonably request, and during such period, Seller shall cause the Acquired Subsidiaries to, make available promptly to Purchaser all available information concerning the Acquired Business as Purchaser may reasonably request; provided, however, that Seller and the Acquired Subsidiaries may withhold from Purchaser or its Representatives any document or information that Seller or such Acquired Subsidiary believes: (i) is subject to the terms of a confidentiality agreement with a third party (provided that (A) Seller or such Acquired Subsidiary shall use its commercially reasonable efforts to obtain the required consent of such third party to disclose such document or information and (B) commercially reasonable efforts shall not include the making of any concession, waiving any right, or incurring any unreimbursed cost, expense, or fee), (ii) is subject to any attorney-client privilege (provided that (A) Seller or such Acquired Subsidiary shall use its commercially reasonable efforts to allow the disclosure of such document or information (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege and (B) commercially reasonable efforts shall not include the making of any concession, waiving any right, or incurring any unreimbursed cost, expense, or fee), or (iii) the sharing of such document or information would result in a violation of applicable Law; provided, however, in any event, (1) Purchaser and its Representatives shall not have the right to collect any air, soil, surface water or ground water samples or perform any invasive or destructive air sampling on, under, at or from any of the properties owned, leased or operated by Seller or any of its Affiliates, except with the advance written consent of Seller, which shall not be unreasonably withheld

or delayed and (2) Seller may withhold any document, information or access to properties or personnel to the extent related solely to the Retained Business or the Retained Companies. Except for incidents caused by Seller's or its Affiliates' intentional misconduct, Purchaser shall indemnify Seller and its Affiliates and Representatives from, and hold Seller and its Affiliates and Representatives harmless against, any and all claims and Losses, and the cost of enforcing this indemnity arising out of or resulting from any access to such properties provided pursuant to this Section 5.04(a).

(b) The terms and existence of this Agreement, the Ancillary Agreements, and all information exchanged pursuant to this Section 5.04 shall be deemed Confidential Information (as defined in the Confidentiality Agreement) and be subject to the confidentiality and non-use obligations (including all permitted uses and exceptions) as set forth in the Confidentiality Agreement (collectively, the "Confidentiality Terms"); provided that notwithstanding the expiration of the Confidentiality Agreement or the termination of this Agreement, the Parties shall remain subject to the Confidentiality Terms until the earlier of (i) the Closing or (ii) twenty-four (24) months after the date that this Agreement is terminated in accordance with Article IX.

(c) To the extent information provided to Purchaser by Seller or the Acquired Subsidiaries includes information about an identifiable individual ("Personal Information"), Purchaser shall, at all times, comply with all Laws governing personal information, including any obligation to notify affected individuals that personal information was disclosed in the course of the transactions contemplated by this Agreement and that the transactions contemplated by this Agreement have been consummated. Purchaser shall only collect, use or disclose such Personal Information for the purposes of investigating the Acquired Subsidiaries and the Acquired Business as contemplated in this Agreement and completing the transactions contemplated in this Agreement. Purchaser shall safeguard all Personal Information collected from Seller or the Acquired Subsidiaries in a manner consistent with the degree of sensitivity of the Personal Information and maintain, at all times, the security and integrity of the Personal Information. Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way recreate the substance or contents of the Personal Information if the Transaction is not consummated for any reason and shall return all Personal Information to Seller or, at Seller's request, destroy such Personal Information at Purchaser's sole cost. To the extent any Personal Information is information regarding individuals who will become either customers or employees of Purchaser or its Affiliates, the public announcement of the Transaction described herein shall satisfy all notice requirements of this Section 5.04(c) if (and only to the extent) such notice satisfies any notice obligations under applicable Laws.

5.05 Publicity. Purchaser and Seller shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other written public statement with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or make any such written public statement prior to such consultation, except as such Party reasonably concludes may be required by applicable Law or court process. Purchaser and Seller agree that the initial press release to be issued with respect to this Agreement or the transactions contemplated hereby shall be in a form agreed to by the Parties. Nothing in this Section 5.05 shall limit the ability of any Party to make internal announcements to its respective employees that are consistent in all material respects with the prior public disclosures regarding the transactions contemplated by this Agreement.

5.06 Misallocated Assets and Liabilities. Following the Closing, in the event that any Party becomes aware that (a) record or beneficial ownership or possession of any asset that is a Retained Business Asset or Acquired Business Asset has not been contributed, assigned, transferred, conveyed or delivered by the applicable Acquired Subsidiary to Seller or a Retained Company, or by Seller or any of its Affiliates to an Acquired Subsidiary, as applicable, prior to the Closing or (b) any Retained Business Liability has been erroneously assumed by Purchaser or any of its Affiliates, or any Acquired Business Liability has been erroneously retained by Seller or any of its Affiliates, then it shall promptly notify the applicable Party and the Parties shall thereafter reasonably cooperate to, as promptly as practicable, contribute, assign, transfer, convey or deliver (or cause to be contributed, assigned, transferred, conveyed or delivered), as applicable, without consideration the relevant asset to the relevant entity or assignee or cause the relevant liability to be assumed by the relevant entity or assignee in furtherance of the terms of this Agreement.

5.07 Litigation Support. Subject to Section 10.15, in the event and for so long as any Party or its Affiliate is actively contesting or defending against any claim, action or proceeding after the Closing in connection with any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving any Acquired Subsidiary or the Acquired Business, the other Party will make reasonable efforts to cooperate with such Party or its counsel in the contest or defense, make reasonably available their personnel for the purpose of such contest or defense and reasonably provide such testimony and access to their books and records as shall be reasonably necessary solely in connection with such contest or defense, all at the sole cost and expense of the contesting or defending Party and solely upon written notice from the contesting or defending Party, which written notice shall specify in reasonable detail the nature of the support required of the assisting Party and the anticipated timeframe for such support; provided that no Party shall be obligated to (a) assist the contesting or defending Party in any claim**,** action or proceeding among the Parties or their respective Affiliates, (b) assist the contesting or defending Party in any claim**,** action or proceeding to the extent that such Party reasonably believes that such assistance or any portion thereof is sought in furtherance of, or in preparation for, a claim, demand or other proceeding against such Party or any of its Affiliates, (c) provide access to or disclose information that constitutes attorney work product or that the assisting Party reasonably determines would vitiate any attorney-client privilege of such Party or any of its Affiliates or their respective Representatives, or which is restricted or prohibited under applicable Laws, (d) provide any assistance or take any action that would violate any Law or Order or (e) provide any information or assistance that would require the consent of any third party (unless such consent has previously been obtained by the contesting or defending Party). The contesting or defending Party shall indemnify and hold harmless the other Party from and against any and all Losses arising out of or in connection with such other Party's compliance with its obligations under this Section 5.07. To the extent that any litigation is initiated against Seller or its Affiliates that is Related to the Acquired Business and Seller or any of its Affiliates (other than the Acquired Subsidiaries) are named as a defendant party in any such litigation as a result of their ownership or control of the Acquired Subsidiaries, from and after the Closing, Purchaser will, and will cause the Acquired Subsidiaries to, make reasonable efforts to cause Seller and its Affiliates to be removed and released from any such litigation.

5.08 Support Obligations.

(a) Purchaser and Seller shall cooperate and each use their commercially reasonable efforts to obtain from the respective beneficiary, in form and substance reasonably satisfactory to Seller, on or before the Closing Date, valid and binding written unconditional releases of Seller and its Affiliates, as applicable, from their respective obligations under the Contracts or other instruments set forth on Section 5.08 of the Seller Disclosure Letter (together with any similar obligations under any Contracts entered into after the date hereof in accordance with this Agreement (copies of which shall be provided to Purchaser within a reasonable time after entering into such Contracts), the "Support Obligations") which shall be effective as of the Closing Date, including the Purchaser offering substitute guarantees, furnishing letters of credit, instituting escrow arrangements, posting surety or performance bonds or making other arrangements as the counterparty may reasonably request.

(b) Without limiting Purchaser's obligations under Section 5.08(a), if such releases are not obtained as of the Closing Date, Seller or its Affiliates shall continue to maintain the applicable Support Obligations at the same levels as provided as of the Closing Date, and Purchaser and Seller shall continue to use their commercially reasonable efforts to replace such Support Obligations as promptly as practicable following the Closing Date (but in no event later than two (2) months following the Closing Date). Subject to the terms hereof, effective as from the Closing Date and limited to any Support Obligations to the extent and for as long as not released, Purchaser shall (i) reimburse Seller and its Affiliates for, and indemnify and hold each of them harmless from, all amounts paid or payable to the relevant beneficiary and (ii) reimburse Seller and its Affiliates for any third party expenses reasonably incurred by Seller or its Affiliates for any Support Obligations issued by third parties on Seller's or its Affiliates' behalf. From and after the Closing, Purchaser shall promptly provide any financial, operational or ownership information regarding the assets underlying any outstanding Support Obligations reasonably requested by Seller from time to time, including for purposes of Seller's risk assessment procedures and financial reporting obligations, and shall cause proper provision to be made such that any successors, assigns or acquirors of such assets shall assume the obligations set forth in this Section 5.08.

(c) Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that at any time on or after the Closing Date, none of Seller or any of its Affiliates will have any obligation to renew any letters of credit or surety or performance bonds issued on behalf of any Acquired Subsidiary or the Acquired Business after the expiration of any such letters of credit or surety or performance bonds.

5.09 Business Name Changes; No Rights to Seller Intellectual Property.

(a) Purchaser shall promptly (and, in any event, within thirty (30) Business Days following the Closing Date) cause the Acquired Subsidiaries to cease using the words "Nexus Water Group" and any associated designs, and the designs set forth on Section 5.09(a) of the Seller Disclosure Letter, and any name, domain name, social media account or handle or mark consisting or comprising of, or containing, any of the foregoing or including or constituting an abbreviation, translation, transliteration, derivation, stylized version or extension thereof, or that is otherwise confusingly similar to any of the foregoing, and any logos associated therewith (the "Seller Marks"), including, as soon as reasonably practicable, eliminating or covering the Seller Marks from all assets, systems and other materials owned or controlled by the Acquired Subsidiaries, including stationary and literature,

packaging materials, displays, signs, promotional materials, manuals, forms, and websites of the Acquired Subsidiaries bearing the Seller Marks. Except as may be otherwise agreed by the Parties in a separate Contract, Purchaser shall not, and shall cause the Acquired Subsidiaries not to, use the Seller Marks or any other Intellectual Property of Seller or its Affiliates, whether arising under statutory or common law, and Purchaser acknowledges that it, its Affiliates and the Acquired Subsidiaries have no rights whatsoever to use or otherwise exploit such Intellectual Property from and after the Closing. Without limiting the foregoing:

(b) Within three (3) Business Days after the Closing Date, Purchaser shall cause the Acquired Subsidiaries whose names consist of, contain or comprise any of the Seller Marks to change their names to a name that does not contain any of the Seller Marks (and, as applicable, cause their respective Organizational Documents to be amended to remove any reference to Seller Marks).

(c) Within thirty (30) days after the Closing Date, Purchaser shall provide evidence that is reasonably acceptable to Seller that Purchaser has (i) made all filings necessary or advisable to effect the name changes required by Section 5.09(b) and (ii) provided notice to all applicable Governmental Entities and all counterparties to the Material Contracts regarding the sale of the Acquired Subsidiaries to Purchaser and the new addresses for notice purposes.

5.10 Termination of Affiliate Contracts. Seller shall terminate all Affiliate Contracts effective immediately prior to the consummation of the Closing and, thereafter, such Contracts shall have no further force and effect.

5.11 Transition Committee; Transition Matters.

(a) Within fifteen (15) days following the date of this Agreement, each of Seller and Purchaser will designate three (3) individuals to a joint transition team (the "Transition Committee") for the purpose of, subject to compliance with applicable Law, coordinating with respect to transition planning. The Transition Committee will be responsible for preparing, as soon as reasonably practicable after the date of this Agreement, and overseeing the implementation of, a transition plan (to be mutually agreed upon by Purchaser and Seller) that will identify and describe substantially all of the transition activities that the Parties will use commercially reasonable efforts to cause to occur before the Closing as well as certain post-Closing transition support activities described herein (in each case, subject to applicable Law and any obtaining any required consents of any third party), specifically including the extraction of Data from Seller's systems and the transfer of the Acquired Business Employees (the "Transition Plan"). Prior to the transfer of any Personal Information pursuant to this Section 5.11, the Parties shall enter into a Data Privacy Agreement regarding the transfer of such Personal Information in connection with this Section 5.11 (which shall provide that Purchaser indemnifies, defends and holds harmless Seller and the Acquired Subsidiaries against, any and all claims and Losses arising out of or resulting from the transfer of Personal Information to Purchaser in accordance therewith and shall address removal, at Purchaser's sole cost, of Data from Purchaser's systems if the Transaction is not consummated for any reason). This Transition Committee will stay in place for six (6) months after the Closing. Notwithstanding anything herein to the contrary, the Parties shall be permitted to invite additional representatives to attend any meeting of the Transition Committee as reasonably necessary or appropriate.

(b) Seller and each of the Acquired Subsidiaries agree to reasonably cooperate with and provide (or cause to be provided) reasonable assistance to Purchaser, prior to Closing, in connection with the matters described in Section 5.11(a), which, for clarity, shall not include formatting or conversion of any Data to facilitate the transfer of the Data to Purchaser (which formatting and conversion and shall be Purchaser's sole responsibility, and all Data transferred by Seller or any Acquired Subsidiary shall be in the same form and format maintained by Seller or such Acquired Subsidiary at such time or such other form and format agreed upon by the Parties). This cooperation shall include reasonable and mutually agreed-upon technical support (and reasonable access to system matter experts of Seller and the Acquired Subsidiaries) during normal business hours to reasonably assist with the transfer of Data to Purchaser (consistent with the Transition Plan). To the extent not already completed by the Closing, Seller will continue (for a period of no longer than six (6) months) to use commercially reasonable efforts to transfer the Data (consistent with the Transition Plan) until all necessary Data is provided to Purchaser for inclusion in Purchaser's information technology systems in all material respects (the "Post-Closing Transition"). With regard to the Post-Closing Transition, Purchaser shall pay to Seller, free of any deduction or withholding, the actual cost (without markup) to provide the foregoing cooperation and assistance (and the transition activities described in Section 5.11(a)), including direct labor and direct material and allocation of overhead (and reimbursement of any out-of-pocket costs and expenses) incurred in providing the foregoing cooperation and assistance. If any deduction or withholding for Taxes is required under applicable Law, Purchaser shall pay additional amounts to Seller such that, after taking into account such deduction or withholding for Taxes (including such deduction or withholdings applicable to additional sums payable under this Section 5.11(b)), Seller receives the amount it would have received had no such deduction or withholding been applicable. Purchaser shall pay or reimburse Seller for and be responsible for any sales, use, transfer, turnover, excise, value-added, services, goods and services Taxes, customs duties, tariffs, imposts, levies or other similar charges or similar Taxes, in each case, imposed on or with respect to the provision of such cooperation and assistance (and the performance of such transition activities) hereunder, including any interest and any penalties, fines, additions to tax or additional interest related thereto.

(c) For a period of twelve (12) months after the Closing, upon reasonable request, Seller will provide (or cause to be provided) reasonable support consisting of provision of information and documentation to Purchaser consistent with the Transition Plan, including providing information and documentation in connection with (i) claims made after the Closing which pertain to pre-Closing events (including customer complaints) and (ii) required federal or state reporting (e.g., consumer confidence reports and reports to Governmental Entities) due after the Closing Date; and (iii) any and all post-Closing regulatory proceedings related to the Acquired Subsidiaries. Purchaser shall pay to Seller, free of any deduction or withholding, the actual cost (without markup) to provide the foregoing support, including direct labor and direct material and allocation of overhead (and reimbursement of any out-of-pocket costs and expenses) incurred in providing the foregoing support. If any deduction or withholding for Taxes is required under applicable Law, Purchaser shall pay additional amounts to Seller such that, after taking into account such deduction or withholding for Taxes (including such deduction or withholdings applicable to additional sums payable under this Section 5.11(c)), Seller receives the amount it would have received had no such deduction or withholding been applicable. Purchaser shall pay or reimburse Seller for and be responsible for any sales, use, transfer, turnover, excise, value-added, services, goods and services Taxes, customs duties, tariffs, imposts, levies or other similar charges or similar Taxes, in each case, imposed on or with respect to the provision of such support hereunder, including any interest and any penalties, fines, additions to tax or additional interest related thereto.

(d) For clarity, any Personal Information transferred or required to be transferred under Sections 5.11(a), 5.11(b) or 5.11(c) shall be subject to the terms of Section 5.04(c). Notwithstanding anything to the contrary in Sections 5.11(a), 5.11(b) or 5.11(c), Seller and the Acquired Subsidiaries may withhold from Purchaser or its Representatives (and shall not be obligated hereunder to provide) any document or information or Data (or any such cooperation or assistance) that Seller or such Acquired Subsidiary believes: (i) is subject to the terms of a confidentiality agreement with a third party or otherwise requires the consent of a third party (provided that (A) Seller or such Acquired Subsidiary shall use its commercially reasonable efforts to obtain the required consent of such third party to disclose such document or information or Data (or provide such cooperation or assistance) and (B) commercially reasonable efforts shall not include the making of any concession, waiving any right, or incurring any unreimbursed cost, expense, or fee), (ii) is subject to any attorney-client privilege (provided that (A) Seller or such Acquired Subsidiary shall use its commercially reasonable efforts to allow the disclosure of such document or information or Data (or as much of it as possible) or provision of such cooperation or assistance in a manner that does not result in a loss of attorney-client privilege and (B) commercially reasonable efforts shall not include the making of any concession, waiving any right, or incurring any unreimbursed cost, expense, or fee), or (iii) the sharing of such document or information or Data (or the provision of such cooperation or assistance) would result in a violation of applicable Law or breach of a contractual obligation; provided, however, in any event, Seller may withhold any document, information or Data to the extent related solely to the Retained Business or the Retained Companies. Except for incidents caused by Seller's or its Affiliates' intentional misconduct, Purchaser shall indemnify Seller, its Affiliates and their respective Representatives from, and hold Seller, its Affiliates and their respective Representatives harmless against, any and all claims and Losses, and the cost of enforcing this indemnity arising out of or resulting from any access to such documents, information or Data provided pursuant to Sections 5.11(a), 5.11(b) or 5.11(c).

(e) Notwithstanding anything in this Section 5.11 to the contrary, (i) Seller and the Acquired Subsidiaries shall only be required to provide such support, cooperation and assistance in respect of (and Purchaser shall only utilize such support, cooperation and assistance for) the Acquired Business, (ii) Seller shall not be liable to Purchaser for any Losses suffered by Purchaser in connection with Seller's or its Affiliates' errors or other failures to perform its obligations under this Section 5.11, except to the extent such Loss is caused by Seller's or its Affiliates' intentional misconduct, and (iii) EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SUPPORT, COOPERATION AND ASSISTANCE REQUIRED TO BE PROVIDED UNDER THIS SECTION 5.11 ARE PROVIDED ON AN "AS IS" BASIS, WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR OTHER WARRANTIES, CONDITIONS, GUARANTEES OR REPRESENTATIONS, WHETHER EXPRESS OR IMPLIED.

(f) NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, EXCEPT FOR CLAIMS ARISING OUT OF SELLER'S OR ITS AFFILIATES' INTENTIONAL MISCONDUCT, IN NO EVENT SHALL SELLER OR ANY OF ITS AFFILIATES (OR ANY OF THEIR RESPECTIVE REPRESENTATIVES) BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, SPECIAL, UNFORESEEN, INDIRECT OR OTHER CONSEQUENTIAL DAMAGES (OR ANY DAMAGES MEASURED BY LOST PROFITS OR REVENUE) ARISING OUT OF OR IN CONNECTION WITH SECTIONS 5.11(a), 5.11(b) or 5.11(c) (OR ITS PERFORMANCE OR NON-PERFORMANCE THEREUNDER OR ACTS OR OMISSIONS TAKEN IN RESPECT THEREOF), EVEN IF IT HAD BEEN ADVISED, KNEW OR SHOULD HAVE KNOWN THE POSSIBILITY THEREOF, AND WHETHER SUCH DAMAGES OR OTHER RELIEF ARE SOUGHT BASED ON BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE RELIEF.

ARTICLE VI
OTHER AGREEMENTS

6.01 Employee Matters.

(a) Not later than immediately prior to the Closing, Seller shall use commercially reasonable efforts to cause the employment of Acquired Business Employees who are employed by Seller or any of its Affiliates (but not by an Acquired Subsidiary) to transfer employment to an Acquired Subsidiary. With respect to each Delayed Transfer Employee (if any), the Purchaser shall, or shall cause an Affiliate (including an Acquired Subsidiary) to, offer such individual employment as soon as reasonably practicable following the Closing to each such Delayed Transfer Employee on terms and conditions consistent with this Article VI and subject to and in accordance with applicable Law. With respect to each Delayed Transfer Employee (i) who is employed by Seller or its Affiliates (other than an Acquired Subsidiary) as of immediately prior to the Closing and (ii) who is on an approved leave of absence as of immediately prior to the Closing (each such individual, a "Leave Employee"), if any, such transfer of employment to Purchaser or an Affiliate (including an Acquired Subsidiary) following the Closing will (1) be contingent on such employee presenting himself or herself for active employment during the one hundred eighty (180)-day period immediately following the Closing Date and (2) will be effective as of, and have an Applicable Transfer Time that is, the date that such employee presents himself or herself to the Purchaser or an Affiliate (including an Acquired Subsidiary) for active employment.

(b) Subject, and in addition, to requirements imposed by applicable Law, (i) Purchaser shall, or shall cause one of its Affiliates to, provide each Acquired Business Employee who is employed by Purchaser or its Affiliates (including an Acquired Subsidiary) following the Closing (each such individual, a "Continuing Employee") with (A) a base salary (or hourly base wage rate), (B) target short-term incentive opportunities and (C) employee benefits (excluding defined benefit pensions and retiree medical plans) that are in the aggregate no less favorable than the employee benefits provided or made available to such Continuing Employee immediately prior to the Applicable Transfer Time, and (ii) Purchaser and its Affiliates shall not terminate any Continuing Employee (other than for cause or in the event of a voluntary resignation) for twelve (12) months following the Applicable Transfer Time.

(c) Subject, and in addition, to requirements imposed by applicable Law, Purchaser shall, or shall cause one of its Affiliates to, provide each Continuing Employee full credit for service with Seller or any of its Affiliates for all purposes under each employee benefit or compensation plan, program or agreement in which the Continuing Employee is, or in which the Continuing Employee becomes, eligible to participate on or after the Closing Date; provided that such credit shall not be given to the extent that it would result in a duplication of benefits for the same period of service and (ii) waive any limitation on health and welfare coverage for each Continuing Employee due to pre-existing conditions, waiting periods, active employment requirements and requirements to show evidence of good health under any applicable health and welfare plan in which the Continuing Employee is, or in which the Continuing Employee becomes, eligible to participate on or after the Closing Date and credit each Continuing Employee with all deductible payments, co-payments and co-insurance paid by such employee under any medical plan of Seller or any of its Affiliates prior to the Closing Date during the year in which the Closing occurs for the purpose of determining the extent to which any such employee has satisfied any applicable deductible and whether such employee has reached the out-of-pocket maximum under any benefit plan of Purchaser or any of its Affiliates for such year.

(d) As promptly as practicable following the date hereof, Seller will provide Purchaser with a summary of the employee contribution percentages and estimated aggregate annual employee contributions with respect to each Company Benefit Plan.

(e) The Parties shall cooperate and work together in good faith prior to the Closing to timely satisfy their respective notice, information, bargaining or consultation obligations, in accordance with applicable Laws, and each Party shall provide all documents and information necessary to complete such notice, information or consultation obligations within a reasonable period following request by another Party.

(f) For a period of twelve (12) months after the Closing Date, Purchaser shall not engage in any conduct that would result in an employment loss for a sufficient number of Acquired Business Employees which, if aggregated with any such conduct on the part of Seller or any of its Affiliates prior to the Closing Date, would trigger the WARN Act.

(g) Seller shall take such action as is necessary to ensure that each Acquired Subsidiary is no longer a participating employer eligible to participate in any Company Benefit Plan on or after the Closing Date. With respect to Company Benefit Plans in which any Acquired Subsidiary cease to be participating employers, Seller shall take such action as necessary to ensure that all Acquired Business Employees cease to participate in the Company Benefit Plans on or after the Closing Date, except to the extent (i) they, or their dependents, beneficiaries or alternate payees are entitled to receive a previously accrued benefit under a Company Benefit Plan or (ii) as required by applicable Law (including the health care continuation provisions of the Consolidated Omnibus Budget Reconciliation Act (or similar state law)).

(h) Nothing contained in this Section 6.01, express or implied, is intended to confer upon any Person not a party (including any employee of an Acquired Subsidiary or any beneficiary thereof) any right, benefit or remedy of any nature whatsoever, including any right to employment or continued employment or service for any period of time by reason of this Agreement, any right to a particular term or condition of employment or any right to any specific compensation or benefits. Notwithstanding anything to the contrary contained in this Agreement, no provision of this Agreement is intended to, or does, constitute the establishment of, or an amendment to, any Company Benefit Plan or benefit or compensation plan of Purchaser or an Affiliate or similar arrangement.

6.02 Release. Effective as of the Closing Date and subject to the immediately following sentence (a) Seller hereby, unconditionally and irrevocably releases and waives any claims that Seller has or may have, in its capacity as an equity holder or otherwise, against the Acquired Subsidiaries to the extent relating to actions, omissions, facts or circumstances occurring or existing at or prior to the Closing and (b) Purchaser hereby, on its own behalf and on behalf of its Affiliates, unconditionally and irrevocably releases and waives any claims that Purchaser or its Affiliates have or may have against Seller or any Released Parties, arising out of, resulting from or relating to actions, omissions, facts or circumstances occurring, arising or existing at or prior to the Closing. Nothing contained in this Section 6.02 is intended to, nor does it, (i) extend to any claims in respect of this Agreement, any Ancillary Agreement or any of the provisions set forth herein or therein, (ii) affect any right to indemnification, exculpation or advancement of expenses to which Seller or any Released Party may be entitled as a result of such Person's interest in or service as a manager, director, officer, employee, advisor, consultant or other representative of the Acquired Subsidiaries, including the rights set forth in Section 6.06, or (iii) affect Purchaser's indemnification rights under Section 8.06.

6.03 "AS IS, WHERE IS". PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III (*AS MODIFIED BY THE SELLER DISCLOSURE LETTER*), NEITHER SELLER, A SELLER RELATED PARTY NOR ANY OTHER PERSON MAKE, OR HAVE MADE, ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACQUIRED SUBSIDIARIES, THE ACQUIRED BUSINESS OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES TO SELLER AND THE SELLER RELATED PARTIES' EXPRESS DISAVOWAL AND DISCLAIMER OF ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER MADE BY SELLER OR THE SELLER RELATED PARTIES OR THEIR RESPECTIVE REPRESENTATIVES, AND OF ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT, OR INFORMATION MADE, COMMUNICATED, OR FURNISHED (ORALLY OR IN WRITING) TO PURCHASER OR ITS EQUITYHOLDERS, INCORPORATORS, CONTROLLING PERSONS, LIMITED OR GENERAL PARTNERS, MEMBERS, AFFILIATES OR REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION, OR ADVICE THAT MAY HAVE BEEN OR MAY BE PROVIDED TO PURCHASER OR ITS EQUITYHOLDERS, INCORPORATORS, CONTROLLING PERSONS, LIMITED OR GENERAL PARTNERS, MEMBERS, AFFILIATES OR REPRESENTATIVES BY SELLER, ANY SELLER RELATED PARTY OR ANY OF THEIR REPRESENTATIVES). PURCHASER ACKNOWLEDGES AND AGREES THAT IT HAS CONDUCTED TO ITS SATISFACTION ITS OWN INDEPENDENT INVESTIGATION OF THE CONDITION, OPERATIONS, LIABILITIES AND BUSINESS OF THE ACQUIRED SUBSIDIARIES AND, IN MAKING ITS DETERMINATION TO PROCEED WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, PURCHASER RELIED SOLELY ON THE RESULTS OF ITS OWN INDEPENDENT INVESTIGATION AND THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN ARTICLE III (*AS MODIFIED BY THE SELLER DISCLOSURE LETTER*). IN FURTHERANCE OF THE FOREGOING, AND NOT IN LIMITATION THEREOF, PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER DOES NOT MAKE,

NOR HAS ANY OTHER PERSON MADE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY FINANCIAL PROJECTION OR FORECAST DELIVERED TO PURCHASER OR ITS EQUITYHOLDERS, INCORPORATORS, CONTROLLING PERSONS, LIMITED OR GENERAL PARTNERS, MEMBERS, AFFILIATES OR REPRESENTATIVES WITH RESPECT TO THE PERFORMANCE OF THE ACQUIRED SUBSIDIARIES OR THE ACQUIRED BUSINESS WHETHER BEFORE, ON OR AFTER THE CLOSING DATE. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER DOES NOT MAKE, NOR HAS MADE (OR HAS AUTHORIZED ANY OTHER PERSON TO MAKE ON THEIR BEHALF), ANY REPRESENTATION OR WARRANTY TO PURCHASER REGARDING THE PROBABLE SUCCESS OR PROFITABILITY OF THE ACQUIRED SUBSIDIARIES OR THE ACQUIRED BUSINESS. PURCHASER SHALL ACQUIRE THE ACQUIRED SUBSIDIARIES (A) WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE QUALITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONFORMITY TO SAMPLES, OR CONDITION OF THE ACQUIRED BUSINESS, ANY ASSETS OR ANY PART THEREOF AND (B) IN AN "AS IS" CONDITION AND ON A "WHERE IS" BASIS, EXCEPT, IN EACH CASE, FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE III (*AS MODIFIED BY THE SELLER DISCLOSURE LETTER*). PURCHASER HEREBY WAIVES, ON BEHALF OF ITSELF AND ITS AFFILIATES, FROM AND AFTER THE CLOSING, TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, ANY AND ALL RIGHTS, CLAIMS AND CAUSES OF ACTION IT MAY HAVE AGAINST SELLER, ANY OF THE SELLER RELATED PARTIES AND ANY OF THEIR REPRESENTATIVES, AND AGREES NO RECOURSE SHALL BE SOUGHT OR GRANTED AGAINST ANY OF THEM, RELATING TO THE OPERATION OF THE ACQUIRED BUSINESS OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT (INCLUDING THE REPRESENTATIONS, WARRANTIES AND COVENANTS CONTAINED HEREIN, THE SCHEDULES AND EXHIBITS HERETO AND ANY CERTIFICATE, INSTRUMENT, OPINION OR OTHER DOCUMENTS DELIVERED IN CONNECTION HEREWITH) AND THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER ARISING UNDER OR BASED UPON ANY FEDERAL, STATE, LOCAL OR FOREIGN STATUTE, LAW, ORDINANCE, RULE OR REGULATION OR OTHERWISE (INCLUDING ANY RIGHT, WHETHER ARISING AT LAW OR IN EQUITY, TO SEEK INDEMNIFICATION, CONTRIBUTION, COST RECOVERY, DAMAGES, OR ANY OTHER RECOURSE OR REMEDY, INCLUDING AS MAY ARISE UNDER COMMON LAW). FURTHERMORE, WITHOUT LIMITING THE GENERALITY OF THIS SECTION 6.03, NO ACTION, CAUSE OF ACTION, CLAIM, CROSS-CLAIM OR THIRD-PARTY CLAIM OR LEGAL PROCEEDING OF ANY KIND (WHETHER AT LAW, IN EQUITY, IN CONTRACT, IN TORT OR OTHERWISE) SHALL BE BROUGHT OR MAINTAINED BY PURCHASER OR ANY OF ITS AFFILIATES AGAINST SELLER, ANY SELLER RELATED PARTY OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, AND NO RECOURSE SHALL BE SOUGHT OR GRANTED AGAINST ANY OF THEM, BY VIRTUE OF OR BASED UPON (I) ANY ALLEGED MISREPRESENTATION OR INACCURACY IN OR BREACH OF ANY OF THE REPRESENTATIONS, WARRANTIES OR COVENANTS SET FORTH OR CONTAINED IN THIS AGREEMENT, ANY CERTIFICATE, INSTRUMENT, OPINION OR OTHER

DOCUMENTS DELIVERED HEREUNDER, THE EXHIBITS AND DISCLOSURE SCHEDULE HERETO OR THE SUBJECT MATTER HEREOF OR THEREOF, OR (II) THE ACQUIRED BUSINESS, THE OWNERSHIP, OPERATION, MANAGEMENT, USE OR CONTROL OF THE ACQUIRED SUBSIDIARIES OR THE ACQUIRED BUSINESS, ANY OF THEIR ASSETS, ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY ACTIONS OR OMISSIONS AT OR PRIOR TO THE CLOSING DATE.

NOTWITHSTANDING THE ABOVE, PURCHASER RETAINS THE RIGHT TO MAKE ANY CLAIMS FOR INDEMNIFICATION CONTEMPLATED IN, AND IN ACCORDANCE WITH, SECTION 8.06.

6.04 Further Assurances. Seller and Purchaser each agree that from time to time after the Closing they will execute and deliver, and will cause their respective controlled Affiliates to execute and deliver, such further instruments, and take, and cause their respective controlled Affiliates to take, such other actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

6.05 Fees, Costs and Expenses. Except as provided otherwise in this Agreement, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such fees, costs or expenses, whether or not the Closing occurs.

6.06 Insurance Matters; Directors' and Officers' Indemnification.

(a) From and after the Closing, the Acquired Subsidiaries shall cease to be insured by Seller's or its Affiliates' insurance policies or programs or self-insured programs. Seller and its Affiliates may, to be effective at the Closing, amend any such insurance policies and ancillary arrangements in the manner they deem appropriate. From and after the Closing, Purchaser and its Affiliates shall be responsible, at their sole discretion, for securing all insurance they consider appropriate for the Acquired Subsidiaries and the Acquired Business with respect to claims arising out of any actual or alleged act, omission, circumstance, matter, event or occurrence first existing or occurring after the Closing relating to the Acquired Subsidiaries or the Acquired Business.

(b) At and after the Closing, Purchaser agrees to cause an Acquired Subsidiary to, (i) take over and assume all known and incurred but not reported claims of the Acquired Subsidiaries and the Acquired Business (whether known by Seller or any of its Affiliates or by any of the Acquired Subsidiaries) and (ii) be responsible to pay such claims until they are finally settled and closed. Notwithstanding anything in this Agreement to the contrary, from and after the Closing, the Acquired Subsidiaries shall have the right to assert claims and access coverage under Seller's or any of its Affiliates' current and historical insurance policies, excluding any self-insured programs ("Shared Seller Policies"), arising out of any actual or alleged act, omission, circumstance, matter, event or occurrence existing or occurring in whole or in part at or prior to the Closing relating to the Acquired Subsidiaries or the Acquired Business ("Pre-Closing Claims"). From and after the Closing, Seller and its Affiliates shall use commercially reasonable efforts to make any available insurance coverage under the Shared Seller Policies available to the Acquired Subsidiaries for Pre-Closing Claims, whether asserted prior to, on or after the Closing, including noticing claims to the applicable insurer(s) and promptly remitting insurance proceeds to the Acquired Subsidiaries; provided that in the event that the applicable insurer(s) fails to accept coverage for a Pre-Closing Claim within a reasonable time (including by denying, disputing or reserving rights with respect to any such Pre-Closing Claim), then Seller shall promptly provide to Purchaser copies of the applicable Shared Seller Policies which Purchaser and its Affiliates shall only use for purposes of pursuing any such Pre-Closing Claim.

(c) From and after the Closing, Purchaser shall cause the Acquired Subsidiaries to (i) indemnify and hold harmless all past and present directors, officers and employees of the Acquired Subsidiaries (collectively, the "D&O Indemnified Parties") against any and all Losses incurred in connection with any action arising out of or pertaining to acts or omissions of any such D&O Indemnified Party, who is or was a director, officer or employee of any Acquired Subsidiary, as applicable, or is or was serving at the request of Seller or its Affiliates on behalf of any Acquired Subsidiary as a director, officer or employee of any other Person, occurring at or prior to the Closing, whether asserted or claimed before, at or after the Closing (including such acts or omissions occurring in connection with this Agreement, the Ancillary Agreements and the consummation of the Closing) and promptly provide advancement of reasonable expenses to the D&O Indemnified Parties (for claims in existence as of the Closing Date after receipt by Purchaser or its Affiliates from a D&O Indemnified Party of a proper request therefor including an undertaking by such D&O Indemnified Party to repay such legal and other fees and expenses paid in advance if it is ultimately determined in a final and non-appealable Judgment that such D&O Indemnified Party is not entitled to be indemnified), in all such cases to the greatest extent that the D&O Indemnified Parties have the right to be indemnified or have expenses advanced by any Acquired Subsidiary, as applicable, as provided in the Organizational Documents of Seller, Seller's Affiliates and the Acquired Subsidiaries, and any indemnification or other similar Contracts or policies of any Acquired Subsidiary set forth on Section 6.06(c) of the Seller Disclosure Letter, in each case, as in effect on the date hereof, and (ii) without limitation of clause (i), to the fullest extent permitted by applicable Law, include and cause to be maintained in effect the provisions regarding elimination of liability of directors, and indemnification of and advancement of expenses to directors, officers and employees equivalent to those contained in the Organizational Documents of Seller, Seller's Affiliates and the Acquired Subsidiaries in existence on the date hereof.

(d) Each D&O Indemnified Party under this Section 6.06 will, promptly after the receipt of notice of the commencement of any action or other proceeding against such D&O Indemnified Party in respect of which indemnity may be sought from a Purchaser or an Acquired Subsidiary under this Section 6.06, notify Purchaser in writing of the commencement thereof. The omission of any D&O Indemnified Party to notify Purchaser of any such action shall not relieve such Purchaser from any liability which it may have to such D&O Indemnified Party, unless, and only to the extent that, such omission actually and materially prejudices Purchaser or the appropriate Acquired Subsidiary. In case any such action or other proceeding shall be brought against any D&O Indemnified Party and it shall notify Purchaser of the commencement thereof, the Purchaser and the appropriate Acquired Subsidiary shall be entitled to participate therein and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such D&O Indemnified Party; provided, however, that any D&O Indemnified Party may, at its own expense, retain separate counsel to participate in such defense. Notwithstanding the foregoing, in any action or proceeding in which both the Purchaser or the appropriate Acquired Subsidiary and a D&O Indemnified Party are, or are reasonably likely to become, a party, such D&O Indemnified Party shall have the right to employ separate counsel at

the Purchaser or appropriate Acquired Subsidiary's expense and to control its own defense of such action or proceeding if, based on the advice of counsel to such D&O Indemnified Party, (i) there are or may be legal defenses available to such D&O Indemnified Party or to other D&O Indemnified Parties that are different from or additional to those available to either the Purchaser or the appropriate Acquired Subsidiary or (ii) any conflict or potential conflict exists between the Purchaser or the appropriate Acquired Subsidiary and such D&O Indemnified Party that would make such separate representation advisable. The Purchaser or the appropriate Acquired Subsidiary shall not, without the consent of the D&O Indemnified Party, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such D&O Indemnified Party of a release from all liability in respect to such claim or litigation or which requires action by the D&O Indemnified Party. The rights accorded to D&O Indemnified Parties under this Agreement shall be in addition to any rights that any D&O Indemnified Party may have at common law, by separate agreement or otherwise.

(e) Following the Closing Date, Purchaser shall either (i) for a period of at least six (6) years following the Closing Date, continue to maintain in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance as maintained by Seller or its Affiliates that cover the D&O Indemnified Parties for claims arising out of or pertaining to events occurring at or prior to the Closing or (ii) at its option, purchase a "tail" directors' and officers' liability insurance policy and fiduciary liability insurance policy for the D&O Indemnified Parties who are currently covered by the directors' and officers' and fiduciary liability insurance coverage currently maintained by Seller or its Affiliates, such tail to provide coverage in an amount not less than the existing coverage and to have other terms not less favorable to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by Seller or its Affiliates with respect to claims arising from facts or events that occurred on or before the Closing Date for a period of not less than six (6) years. Purchaser shall maintain such policies in full force and effect, and continue to honor the obligations thereunder, for such six (6)-year period.

(f) The obligations of Seller and its Affiliates, Purchaser and the Acquired Subsidiaries under this Section 6.06 shall not be terminated, amended or modified in any manner so as to adversely affect any D&O Indemnified Party (including their successors, heirs and legal representatives) to whom this Section 6.06 applies without the written consent of such affected D&O Indemnified Party (it being expressly agreed that the D&O Indemnified Parties to whom this Section 6.06 applies shall be third party beneficiaries of this Section 6.06, and this Section 6.06 shall be enforceable by such D&O Indemnified Parties and their respective successors, heirs and legal representatives and shall be binding on all successors and assigns of Seller and its Affiliates, Purchaser and the Acquired Subsidiaries).

(g) If Seller or any of its Affiliates, Purchaser or, following the Closing, the Acquired Subsidiaries, or any of their respective successors or assigns (i) shall consolidate with or merge into any other Person and shall not be the continuing or surviving entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of Seller or any of its Affiliates, Purchaser or the Acquired Subsidiaries, or any of their respective successors or assigns, as the case may be, shall assume all of the obligations of their respective predecessor and assignor set forth in this Section 6.06.

(h) The provisions of this Section 6.06 (i) shall survive the Closing, (ii) are intended to be for the benefit of, and will be enforceable by each indemnified or insured party (including the D&O Indemnified Parties) and each of their heirs and representatives and (iii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have under the Organizational Documents of the Acquired Subsidiaries, by Contract or otherwise.

6.07 Resignations. Seller shall use its reasonable best efforts to deliver any resignations (effective as of the Closing Date) of, or evidence of removal of, the directors, managers and officers of the Acquired Subsidiaries that are requested by Purchaser no less than five (5) Business Days prior to the Closing Date.

6.08 Post-Closing Access. In connection with any matter relating to any period prior to, or any period ending on, the Closing Date, Purchaser shall, upon the request and at the expense of Seller, permit Seller and its Affiliates and its and their Representatives full access at all reasonable times to the Books and Records as Seller or its Affiliates may reasonably request for any reasonable business purpose, including insurance matters, financial reporting, accounting matters or in connection with any disclosure obligation or the defense of any claim, and Purchaser shall execute and shall cause the Acquired Subsidiaries to execute such documents as Seller may reasonably request in connection therewith. Purchaser shall not dispose of such Books and Records during the seven (7)-year period beginning with the Closing Date without Seller's prior written consent.

ARTICLE VII
CONDITIONS PRECEDENT

7.01 Conditions to Obligations of Both Parties. The respective obligations of Seller and Purchaser to consummate the Transaction shall be subject to the satisfaction at or prior to the Closing of the following conditions, any or all of which may be waived by written agreement of Seller and Purchaser, in whole or in part, to the extent permitted by applicable Law:

(a) the Required Statutory Approvals, including the expiration or termination of any waiting periods applicable to the purchase of the Acquired Interests pursuant hereto under the HSR Act shall have been obtained at or prior to the Closing Date and such Required Statutory Approvals shall have become Final Orders. For purposes of this Section 7.01(a), a "Final Order" means an action by the relevant Governmental Entity that has not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which any waiting period prescribed by Law before the transactions contemplated hereby may be consummated has expired, and as to which all conditions to the consummation of such transactions prescribed by applicable Law or order have been satisfied; and

(b) there shall not be in effect any Law or Judgment, whether preliminary, temporary or permanent, making illegal or prohibiting the consummation of the Transaction or the other transactions contemplated by this Agreement (any such Law, a "Legal Restraint").

7.02 Conditions to Obligations of Seller. The obligation of Seller to consummate the Transaction shall be subject to the satisfaction at or prior to the Closing of the following conditions, any or all of which may be waived by Seller, in whole or in part, to the extent permitted by applicable Law:

(a) (i) the Purchaser Fundamental Representations shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on the Closing Date (except for such representations and warranties that by their express provisions are made as of an earlier date, in which case, as of such earlier date) and (ii) the representations and warranties of Purchaser contained in this Agreement (other than the Purchaser Fundamental Representations), disregarding all qualifications contained herein relating to materiality, Purchaser Material Adverse Effect or similar qualifications, shall be true and correct on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on the Closing Date (except for such representations and warranties that by their express provisions are made as of an earlier date, in which case, as of such earlier date), except to the extent that the failure of such representations and warranties to be true and correct has not had, and would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect;

(b) Purchaser shall have delivered to Seller a certificate dated the Closing Date and signed by a senior executive officer of Purchaser as to the fulfillment of the conditions set forth in Section 7.02(a);

(c) Purchaser shall have duly performed and complied in all material respects with all agreements contained herein required to be performed or complied with by it at or before the Closing;

(d) no Required Statutory Approvals which have become Final Orders shall have imposed terms or conditions that would reasonably be expected to be adverse to Seller or its Affiliates (other than the Acquired Subsidiaries) after giving effect to the Transaction; and

(e) Purchaser shall have delivered, or caused to be delivered, to Seller all items required to be delivered in accordance with Section 2.04(b).

7.03 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Transaction shall be subject to the satisfaction at or prior to the Closing of the following conditions, any or all of which may be waived by Purchaser, in whole or in part, to the extent permitted by applicable Law:

(a) (i) the Seller Fundamental Representations shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on the Closing Date (except for such representations and warranties that by their express provisions are made as of an earlier date, in which case, as of such earlier date) and (ii) the representations and warranties of Seller contained in this Agreement (other than the Seller Fundamental Representations), disregarding all qualifications contained herein relating to materiality, Material Adverse Effect or similar qualifications, shall be true and correct on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on the Closing Date (except for such representations and warranties that by their express provisions are made as of an earlier date, in which case, as of such earlier date), except to the extent that the failure of such representations and warranties to be true and correct has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) Seller shall have delivered to Purchaser a certificate dated the Closing Date and signed by a senior executive officer of Seller as to the fulfillment of the conditions set forth in Section 7.03(a);

(c) Seller shall have duly performed and complied in all material respects with all agreements contained herein required to be performed or complied with by it at or prior to the Closing;

(d) no Required Statutory Approvals which have become Final Orders shall have imposed terms or conditions that would reasonably be expected to result in a Burdensome Effect; and

(e) Seller shall have delivered, or caused to be delivered, to the Purchaser all items required to be delivered in accordance with Section 2.04(a).

ARTICLE VIII
TAX MATTERS

8.01 Tax Returns. To the extent required by applicable Law, Seller shall prepare and file (or cause to be prepared and filed) in substance consistent with the past practice of the applicable Acquired Subsidiary for the applicable type of Tax Return, (a) all Tax Returns of any Acquired Subsidiary with respect to any Tax period ending on or before the Closing Date or any Straddle Period (each, a "Straddle Period Return") or (b) all Tax Returns that are prepared on a consolidated, combined, affiliated or unitary basis with respect to Seller or any of its Affiliates. To the extent a Straddle Period Return was prepared (or caused to be prepared) by Seller, at Purchaser's request, Seller shall provide Purchaser with a draft of such Straddle Period Return at least fifteen (15) days prior to the due date thereof (including extensions) for Purchaser's review and comment and shall consider in good faith Purchaser's reasonable comments thereto. At the request of Seller, Purchaser shall cause the applicable Acquired Subsidiary to file any available extension or waiver of the due date for filing such Tax Returns.

8.02 Tax Refunds. Any Tax refund, credit or similar benefit (including any interest paid or credited with respect thereto) relating to any Tax periods (or portions thereof) of an Acquired Subsidiary ending on or before the Closing Date that is later received or credited against Taxes by Purchaser (or any of its Affiliates) or any Acquired Subsidiary shall be paid over promptly by Purchaser to Seller, net of all out-of-pocket expenses (including any Taxes) incurred by Purchaser in obtaining such refund, credit or similar benefit.

8.03 Tax Proceedings. Purchaser shall notify Seller within ten (10) days after the receipt by Purchaser (or any of its Affiliates), as applicable, of notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes of any Acquired Subsidiary or with respect to any Acquired Subsidiary with respect to any Tax period ending on or before the Closing Date or any Straddle Period (a "Tax Proceeding"), which notice

shall describe the asserted Tax Proceeding in reasonable detail and shall include copies of any notices and other documents received from any Taxing Authority in respect thereof, if any. Seller shall be entitled to control and defend any Tax Proceeding; provided, however, that, if Purchaser could reasonably be expected to be adversely affected by the resolution of any such Tax Proceeding, then Seller shall (a) permit Purchaser to participate (at its own expense) in such Tax Proceeding, (b) keep Purchaser reasonably informed of the developments and status of such Tax Proceeding, (c) provide any material written submissions made with respect to such Tax Proceeding to Purchaser in advance of submission and (d) not settle or compromise any such Tax Proceeding without Purchaser's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

8.04 Cooperation.

(a) Purchaser and Seller shall, and shall cause their respective Affiliates to, provide to the other Party such cooperation and information, as and to the extent reasonably requested and reasonably necessary, in connection with (i) preparing, reviewing or filing any Tax Return, amended Tax Return or claim for refund of or with respect to the Acquired Subsidiaries, (ii) determining liabilities for Taxes or a right to refund of Taxes of or with respect to the Acquired Subsidiaries or (iii) conducting any audit or other action with respect to Taxes of or with respect to the Acquired Subsidiaries. Such cooperation and information may, if reasonable, include providing copies of all relevant portions of relevant Tax Returns, together with all relevant portions of relevant accompanying schedules and relevant work papers, relevant documents relating to rulings or other determinations by Taxing Authorities and relevant records concerning the ownership and Tax basis of property and other information, which any such party may possess. Each Party and its Affiliates shall use commercially reasonable efforts to make its employees available on a basis mutually convenient to both parties to provide explanations of any documents or information provided hereunder. The Parties agree that from and after the Closing Date, the Acquired Subsidiaries shall (A) retain and maintain all such records including all Tax Returns, schedules and work papers, records and other documents in their possession relating to Tax matters of Seller, and each Acquired Subsidiary for taxable periods ending on or prior to the Closing Date and for each Straddle Period for the longer of (x) the seven (7)-year period beginning on the Closing Date or (y) the full period of the applicable statute of limitations, excluding any extension thereof and (B) allow the Representatives of Seller and its Affiliates, upon reasonable notice and at mutually convenient times to inspect, review and make copies of such records (at the expense of the requesting Person) as Purchaser may deem reasonably necessary or appropriate from time to time. Any information obtained under this Section 8.04 shall be kept confidential except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

(b) Notwithstanding anything to the contrary in this Agreement, neither Seller nor any of its Affiliates shall be required to disclose to Purchaser or any of its Affiliates any Tax Return of Seller or an Affiliate thereof (other than an Acquired Subsidiary) or any Tax Return that is filed on a combined, consolidated or unitary basis with Seller or an Affiliate thereof (other than a Tax Return of a group that consists solely of the Acquired Subsidiaries), or any related work papers, except, in each case, for materials or portions thereof that relate solely to any Acquired Subsidiary, nor shall Purchaser or any of its Affiliates have any right to inspect, review, comment on or approve any such Tax Return or to control or participate in any Tax Proceeding or other proceeding related thereto, and all rights with respect to each such Tax Return shall remain solely with Seller and its Affiliates.

(c) Purchaser shall not take, and shall cause its Affiliates (including the Acquired Subsidiaries) not to take, any action after the Closing that would reasonably be expected to increase any Tax liability (i) of Seller or any of its Affiliates (other than the Acquired Subsidiaries) or (ii) of any Acquired Subsidiary that, in the case of this clause (ii), could reasonably be expected to result in a reduction of the Purchase Price or an increase in Taxes allocable to a taxable period that begins on or before the Closing Date. Without limiting the generality of the foregoing, Purchaser shall not, and shall cause its Affiliates not to, make any election with respect to any Acquired Subsidiary (including any entity classification election pursuant to Treasury Regulations Section 301.7701-3 or, except as otherwise provided in Section 8.08, an election under Section 338 of the Code) or change any method of Tax accounting or any Tax accounting period of any Acquired Subsidiary, which election or change would be effective on or prior to the Closing Date, without the prior written consent of Seller.

8.05 Transfer Taxes. Seller and Purchaser shall each be responsible for and shall pay fifty percent (50%) of all documentary, sales, use, registration, value added, transfer, stamp and similar Taxes, fees and costs (including interest, penalties and additions to any such Taxes) imposed on or payable in connection with the transactions contemplated under this Agreement ("Transfer Taxes"). Seller shall prepare and timely file, or cause to be prepared and timely filed, any Tax Returns and other necessary documentation required to be filed with respect to any such Transfer Taxes. Each of Purchaser and Seller shall, and shall cause their respective Affiliates to, reasonably cooperate in reducing the amount of any Transfer Taxes or obtaining exemptions therefrom.

8.06 Tax Indemnification.

(a) From and after the Closing Date, Seller shall indemnify, defend, save and hold harmless the Purchaser, the Acquired Subsidiaries, their respective Affiliates and each of their respective Representatives, successors and assigns (collectively, the "Purchaser Indemnified Parties") from and against any and all (i) Taxes imposed on or payable by Seller for any taxable period; (ii) Taxes that are attributable to, or otherwise imposed on or payable by, any Acquired Subsidiary with respect to any taxable period ending on or before the Closing Date, and with respect to the portion of any Straddle Period ending on (and including) the Closing Date (as determined under Section 8.07); (iii) Taxes imposed on any of the Acquired Subsidiaries as a result of being a transferee or successor to Seller pursuant to applicable Law; (iv) amounts required to be paid by or imposed on any of the Acquired Subsidiaries pursuant to any Tax allocation, Tax sharing, Tax indemnification or similar agreement or arrangement (other than (A) indemnification or reimbursement provisions in any such agreement or arrangement entered into in the ordinary course of business, the principal subject of which does not relate to Taxes, and (B) Tax allocation, Tax sharing, Tax indemnification or similar agreement or arrangements solely between or among any of the Acquired Subsidiaries) to which any Acquired Subsidiary is a party or is otherwise subject, in either case, on or prior to the Closing Date; (v) any Taxes imposed pursuant to U.S. Treasury Regulation Section 1.1502-6 (or any comparable provision under state, local or non-U.S. Law or regulation imposing joint or several liability upon members of a consolidated, combined, affiliated, unitary or other group for Tax purposes) for which an Acquired Subsidiary may be liable because of membership in any affiliated group, within the meaning of Section 1504(a) of the Code, or any consolidated group, combined, affiliated or unitary group, at any time on or prior to the Closing Date; and (vi) any costs and expenses, including reasonable out-of-pocket

investigatory, legal or accounting fees and expenses, losses, damages, assessments, settlements or Judgments arising out of, incident to the imposition, assessment or assertion of, or attributable to any item described in clauses (i) through (v) (including, subject to Section 8.03, the contest of any Tax liability in connection therewith); provided, however, that Seller shall not be liable, and the Purchaser Indemnified Parties shall not seek indemnification, for any Taxes or Losses to the extent recovery for such Taxes or Losses would be duplicative of amounts recovered as an adjustment to (or otherwise taken into account in determining) the Closing Statement. To the extent permitted by applicable Law, the Parties shall treat any payment made pursuant to this Section 8.06 as an adjustment to the aggregate consideration paid to Seller in connection with the Transaction for all Tax purposes.

(b) From and after the Closing Date, Purchaser and the Acquired Subsidiaries shall jointly and severally indemnify, defend, save and hold harmless, Seller, its Affiliates and each of their respective Representatives, successors and assigns (collectively, the "Seller Indemnified Parties") from and against any and all (i) Taxes imposed on or payable by Purchaser or its Affiliates for any taxable period; (ii) Taxes that are attributable to, or otherwise imposed on or payable by, any Acquired Subsidiary with respect to any taxable period ending after the Closing Date, and with respect to the portion of any Straddle Period ending after the Closing Date (as determined under Section 8.07); and (iii) any costs and expenses, including reasonable out-of-pocket investigatory, legal or accounting fees and expenses, losses, damages, assessments, settlements or Judgments arising out of, incident to the imposition, assessment or assertion of, or attributable to any item described in clauses (i) and (ii) (including, subject to Section 8.03, the contest of any Tax liability in connection therewith); provided, however, that Purchaser shall not be liable, and the Seller Indemnified Parties shall not seek indemnification, for any Taxes or Losses to the extent recovery for such Taxes or Losses would be duplicative of amounts recovered as an adjustment to (or otherwise taken into account in determining) the Closing Statement. To the extent permitted by applicable Law, the Parties shall treat any payment made pursuant to this Section 8.06 as an adjustment to the aggregate consideration paid to Seller in connection with the Transaction for all Tax purposes.

8.07 Straddle Period Tax Allocation. For purposes of this Article VIII, in the case of Taxes that are payable with respect to a taxable period that begins on or before the Closing Date and ends after the Closing Date (a "Straddle Period"), the portion of any such Tax that is allocable to the portion of the period ending on and including the Closing Date shall be:

(a) in the case of Taxes other than those described in clauses (b) and (c) (including income, capital gains, and similar Taxes), deemed equal to the amount that would be payable if the taxable year ended with (and included) the Closing Date; provided that depreciation and amortization deductions shall be allocated between the period ending on (and including) the Closing Date and the period beginning on the day following the Closing Date in proportion to the number of days in each period to which such deduction is applicable; provided, further, any Tax deductions attributable to any payments or expenses borne directly or indirectly by Seller or by any Acquired Subsidiary in connection with the transactions contemplated hereby shall be attributed, to the maximum extent permitted under applicable Law, to Seller and shall be reflected on Tax Returns filed with respect to Seller;

(b) in the case of property Taxes and other Taxes similarly imposed on a periodic basis, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), *multiplied by* a fraction the numerator of which is the number of calendar days in the period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire period; provided that in the event that such Taxes are attributable to any property which is revalued or re-assessed on or after the Closing Date and as a result of the transactions contemplated under this Agreement, the portion of such Taxes allocated to the taxable period that is deemed to end on (and include) the Closing Date shall be determined without taking into account such revaluation or re-assessment; and

(c) in the case of Taxes in the form of interest or penalties, all such Taxes to the extent relating to a Tax for a taxable period ending on or before the Closing Date whether such items are incurred, accrued, assessed or similarly charged on, before or after the Closing Date.

8.08 Certain U.S. Federal Income Tax Elections.

(a) For purposes of Treasury Regulation Section 1.1502-76(b)(1)(ii)(A) and (B) (and for purposes of similar provisions under state, local and non-U.S. Tax Law), the Parties agree that the status of each Acquired Subsidiary that is a member of the "affiliated group" under Section 1504 of the Code of which Seller Indirect Parent is the common parent shall cease as of the end of the Closing Date, and each such Acquired Subsidiary shall become a member of the "affiliated group" as defined in Section 1504(a) of the Code of which Purchaser is a member as of the beginning of the day immediately following the Closing Date. The Parties agree that neither Purchaser or any of its Affiliates (including, in the case of Purchaser following the Closing, any Acquired Subsidiary) shall make an election under Treasury Regulation Section 1.1502- 76(b)(2)(ii)(D) to ratably allocate items (or make any similar election or ratably allocate items under any corresponding provision of state, local or non-U.S. Law).

(b) Seller and Purchaser shall make, or cause to be made, joint elections with respect to each of the Acquired Subsidiaries (except for any Acquired Subsidiaries described in Section 1504(b)(3) of the Code) under Section 338(h)(10) of the Code and under any applicable similar provisions of state or local law in connection with the Transaction (all such elections being referred to collectively as "Section 338(h)(10) Elections"). Seller shall complete and properly execute, or cause to be completed and properly executed, IRS Form 8023 (and any comparable form required for purposes of making such elections under state or local law) and deliver such completed and executed form Purchaser at or prior to the Closing in accordance with Section 2.04. Purchaser shall execute and file, or cause to be filed, such forms no later than sixty (60) days after the Closing Date and provide a copy of such executed filing to Seller. Each of Purchaser and Seller agrees that neither it nor any of its Affiliates shall take, or fail to take, any action to the extent such action or failure to act, as the case may be, is inconsistent with or would otherwise prejudice any Section 338(h)(10) Elections.

(c) Within sixty (60) days after the Closing Statement is final and binding on the Parties in accordance with Section 2.03, Seller shall prepare and deliver to Purchaser a schedule (the "Proposed Allocation Schedule") and a corresponding properly completed Form 8883 allocating *first*, the

consideration payable hereunder (and any liabilities to the extent taken into account as amount realized for applicable Tax purposes) among the stock of each Acquired Subsidiary, and, *then*, the "aggregate deemed sales price," as defined in Treasury Regulations Section 1.338-4 and the "aggregate grossed up basis," as defined in Treasury Regulation Section 1.338-5, for each Acquired Subsidiary among the assets of such Acquired Subsidiary with respect to with a Section 338(h)(10) Election has been or will be made, in compliance with Treasury Regulations Sections 1.338-6 and 1.338-7, as applicable. Purchaser shall have the right to review such Proposed Allocation Schedule and, to the extent Purchaser disagrees with the Proposed Allocation Schedule, Purchaser shall notify Seller in writing of any objections within thirty (30) days after receipt of such Proposed Allocation Schedule. If, within thirty (30) days following delivery of the Proposed Allocation Schedule, Purchaser notifies Seller in writing of its disagreement with the Proposed Allocation Schedule, Seller and Purchaser shall use their reasonable best efforts to resolve such disagreement, and if they are able to do so shall make such revisions to the Proposed Allocation Schedule to reflect such resolution, which shall be final and binding. If Purchaser and Seller are unable to reach an agreement within thirty (30) days after the receipt by Seller of Purchaser's timely objection, Purchaser shall provide Seller written notice of the items remaining in dispute, and the Parties shall request the Accountant Arbitrator to decide any disputed items within thirty (30) days; provided that (i) the dollar amount of each item in dispute shall be determined within the range of dollar amounts proposed by Purchaser in its written notice, on the one hand, and the amount proposed by Seller, on the other hand; (ii) the review by and determinations of the Accountant Arbitrator shall be limited to, and only to, the unresolved item or items specified in Purchaser's written notice; and (iii) the determinations by the Accountant Arbitrator shall be based solely on such reports submitted by Seller and Purchaser and the information and documents (including work papers) provided to the Accountant Arbitrator which form the basis for Seller's and Purchaser's respective positions, and applicable U.S. federal income tax principles. The Proposed Allocation Schedule, as finally determined pursuant to this Section 8.08(c), shall become the "Final Allocation Schedule" and shall be binding upon the Parties and each of Purchaser and Seller shall file and cause their respective Affiliates to file all U.S. federal, state, local and non-U.S. Tax Returns in accordance with the Final Allocation Schedule; provided, however, that (x) the deemed purchase prices of the assets may differ from amounts shown on the Final Allocation Schedule in order to reflect Purchaser's transaction costs not included in the Final Allocation Schedule and (y) the amounts realized on the deemed sales of assets may differ from the deemed sales prices shown on the Final Allocation Schedule in order to reflect transaction costs that reduce the amounts realized for U.S. federal income Tax purposes.

(d) Seller and Purchaser shall and shall cause their Affiliates to (i) timely file all Tax Returns in a manner consistent with any Section 338(h)(10) Election and the Final Allocation Schedule, and (ii) take no position contrary thereto on any applicable Tax Return or in any Tax Proceeding or otherwise, in each case, except to the extent required to do otherwise pursuant to a "determination" within the meaning of Section 1313(a) of the Code (or any analogous provision of state, local or non-U.S. Law). In the event that the Section 338(h)(10) Election or the Final Allocation Schedule is disputed by any Taxing Authority, the party receiving notice of the dispute shall promptly notify the other party of the dispute.

8.09 Survival of Tax Covenants. The covenants contained in this Article VIII shall survive until thirty (30) days after the expiration of the applicable statute of limitations (including any valid extensions thereof).

ARTICLE IX
TERMINATION

9.01 Termination. This Agreement may be terminated:

(a) at any time prior to the Closing Date by mutual agreement of Purchaser and Seller;

(b) subject to Section 2.04, by Purchaser or Seller, by written notice to the other Party, if the Closing shall not have occurred by August 19, 2026 (the "Outside Date"); provided that if, prior to the Outside Date, all of the conditions to the Closing set forth in Article VII have been satisfied or waived, as applicable, or, with respect to those conditions that by their terms are to be satisfied at the Closing, shall then be capable of being satisfied, except for any condition set forth in Section 7.01, either Purchaser or Seller may, prior to 5:00 p.m. New York City time on the Outside Date, extend the Outside Date on two (2) successive occasions of three (3) months each for an additional period of up to six (6) months after the Outside Date (and if so extended, the "Outside Date" shall mean such later date); provided, further, that the right to terminate this Agreement pursuant to this Section 9.01(b) shall not be available to a Party whose failure to fulfill any obligation under this Agreement shall have been a material cause of, or resulted in, the failure of the Closing to occur on or before such date;

(c) by Purchaser or Seller, by written notice to the other Party, if any Legal Restraint permanently prohibiting the consummation of the transactions contemplated by this Agreement shall have become final and non-appealable; provided that the right to terminate this Agreement pursuant to this Section 9.01(c) shall not be available to a Party whose failure to fulfill any obligation under this Agreement shall have been a material cause of, or resulted in, the Legal Restraint;

(d) by Purchaser, by written notice to Seller, if Seller has breached or failed to perform in any material respect any of its obligations set forth in this Agreement, (i) such that the conditions set forth in Section 7.01 or Section 7.03 cannot be satisfied, and (ii) such breach or failure to perform cannot be cured by Seller or, if capable of being cured, shall not have been cured within the earlier of (x) thirty (30) days after receipt by Seller of notice in writing from Purchaser, specifying the nature of such breach and requesting that it be cured, and (y) three Business Days prior to the Outside Date; provided that Purchaser shall not have the right to terminate this Agreement pursuant to this Section 9.01(d) if it is then in breach of any of its obligations under this Agreement such that the conditions set forth in Section 7.01 or Section 7.02 cannot be satisfied;

(e) by Seller, by written notice to Purchaser, if Purchaser has breached or failed to perform in any material respect any of its obligations set forth in this Agreement, (i) such that the conditions set forth in Section 7.01 or Section 7.02 cannot be satisfied, and (ii) such breach or failure to perform cannot be cured by Purchaser or, if capable of being cured, shall not have been cured within the earlier of (x) thirty (30) days after receipt by Purchaser of notice in writing from Seller, specifying the nature of such breach and requesting that it be cured and (y) three (3) Business Days prior to the Outside Date; provided that Seller shall not have the right to terminate this Agreement pursuant to this Section 9.01(e) if it is then in breach of any of its obligations under this Agreement such that the conditions set forth in Section 7.01 or Section 7.03 cannot be satisfied;

(f) by Seller, if (i) all of the conditions set forth in Sections 7.01 and 7.03 have been and continue to be satisfied or waived in accordance with this Agreement as of the date that the Closing should have been consummated pursuant to Section 2.04 (except for those conditions that by their terms are to be satisfied at the Closing; provided those conditions would be or would be capable of being satisfied at the Closing), (ii) Purchaser does not complete the Closing on the day that the Closing should have been consummated pursuant to Section 2.04 and (iii) Purchaser fails to consummate the Closing within five (5) Business Days following its receipt of irrevocable written notice from Seller (A) certifying that Seller would be ready, willing and able to consummate the Closing on that date, (B) certifying that all conditions to the Closing set forth in Sections 7.01 and 7.03 have been satisfied (except for those conditions that by their terms are to be satisfied at the Closing) and (C) requesting such consummation; or

(g) by Purchaser, if any Required Statutory Approval has become a Final Order which imposes terms or conditions that would result in a Burdensome Effect.

9.02 Effect of Termination; Termination Fee.

(a) Subject to the other terms hereof, if this Agreement is terminated as provided in this Article IX, this Agreement shall become null and void and of no further force or effect, except for the provisions of:

(i) the last sentence of Section 5.04(a);

(ii) Section 5.04(b);

(iii) this Section 9.02; and

(iv) Article X and any corresponding definitions.

Nothing in this Section 9.02, however, shall be deemed to extinguish any right or remedy of any Party that shall have accrued hereunder prior to any such termination, or release any Party from any liability, for any Fraud or Willful Breach by such Party of the terms and provisions of this Agreement.

(b) If (i) either Seller or Purchaser terminates this Agreement pursuant to Section 9.01(b) and, at the time of such termination, any of the conditions set forth in Section 7.01(a), Section 7.01(b) (solely in connection with the Required Statutory Approvals) or Section 7.03(d), shall have not been satisfied, (ii) either Seller or Purchaser terminates this Agreement pursuant to Section 9.01(c) if the applicable Legal Restraint giving rise to such termination arises in connection with the Required Statutory Approvals, (iii) Seller terminates this Agreement pursuant to Section 9.01(e) or (iv) Purchaser terminates this Agreement pursuant to Section 9.01(g), and in each case of the preceding clauses (i), (ii), (iii) and (iv), at the time of such termination, all conditions to the Closing set forth in Sections 7.03(a) and 7.03(c) shall have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing but which conditions would be satisfied or would be capable of being satisfied if the Closing Date were the date of such termination), then Purchaser shall pay to Seller the Purchaser Termination Fee. Purchaser shall pay the Purchaser Termination Fee to Seller by wire transfer of same-day funds (to an account designated in writing by Seller) prior to or concurrently with such termination of this Agreement by Purchaser or no later than three (3) Business Days after the date of the applicable termination.

(c) The Parties acknowledge that the agreement contained in Section 9.02(b) is an integral part of the transactions contemplated by this Agreement, and that, without this agreement, the Parties would not enter into this Agreement. If Purchaser fails to promptly pay an amount due pursuant to Section 9.02(b) and, in order to obtain such payment, Seller commences a claim that results in a Judgment against Purchaser for the amount of the Purchaser Termination Fee, or any portion thereof, Purchaser shall pay to Seller Seller's costs and expenses (including reasonable attorneys' fees and the fees and expenses of any expert or consultant engaged by Seller) in connection with such claim, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the U.S. prime rate as quoted by the Wall Street Journal in effect on the date such payment was required to be made.

(d) Each of the Parties acknowledge and agree that the Purchaser Termination Fee is not intended to be a penalty, but rather is liquidated damages in an amount intended to compensate Seller in the circumstances in which such Purchaser Termination Fee is due and payable, for the efforts and resources expended and opportunities forgone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated by this Agreement, which amount would otherwise be difficult to calculate with precision. For the avoidance of doubt, Purchaser acknowledges and agrees that (i) following any termination of this Agreement, Purchaser and any of its Affiliates shall remain obligated for, and Seller will be entitled to remedies with respect to the provisions listed in Section 9.02(a), irrespective of the payment of Purchaser Termination Fee, and (ii) the payment of the Purchaser Termination Fee shall not be deemed to extinguish any right or remedy of Seller that shall have accrued hereunder prior to any such termination, or release the Purchaser from any additional liability, for any Willful Breach by Purchaser of the other terms and provisions of this Agreement. The Parties acknowledge and agree that in no event shall Purchaser be required to pay the Purchaser Termination Fee on more than one occasion.

ARTICLE X
GENERAL PROVISIONS

10.01 Non-Survival. None of the representations and warranties of Seller and Purchaser contained in this Agreement and in any certificate delivered pursuant to this Agreement shall survive the Closing, and all claims (whether in contract or in tort or otherwise) of any Party related thereto shall be automatically extinguished upon the Closing. Each and every covenant contained in this Agreement (other than the covenants that by their terms are to be performed by the Parties following the Closing (the "Surviving Covenants")) shall expire with the consummation of the sale of the Transaction and shall not survive the Closing; and none of Seller, any Acquired Subsidiary, Purchaser or any of their respective Affiliates, shall have any liability whatsoever with respect to any such covenant from and after the Closing. The Surviving Covenants shall survive the Closing Date until fully performed, and none of Seller, any Acquired Subsidiary, Purchaser or any of their respective Affiliates shall have any liability whatsoever with respect to any such Surviving Covenant thereafter. Purchaser acknowledges it shall have no recourse with respect to any Losses arising out of any breaches of the representations and warranties of Seller contained in this Agreement. Nothing in this Agreement shall limit any claims arising from Fraud.

10.02 Governing Law. This Agreement, and all claims or causes of action of any kind (whether at Law, in equity, in contract, in tort or otherwise) that may be based upon, arise out of or relate to this Agreement (including the exhibits and schedules hereto), any certificate, instrument or other documents delivered hereunder, or the negotiation, execution or performance hereof or thereof (including any claim or cause of action of any kind based upon, arising out of or related to any representation or warranty made in or in connection herewith or therewith) shall be governed by and construed in accordance with the Law of the State of Delaware, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws.

10.03 Consent to Jurisdiction; Waiver of Jury Trial.

(a) Each Party hereby irrevocably and unconditionally (i) submits, for itself and its property, to the exclusive jurisdiction of the Delaware Court of Chancery (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any Federal court of the United States of America sitting in the State of Delaware), and any appellate court from any thereof, in any claim or cause of action of any kind arising out of or relating to this Agreement, any certificate, instrument, opinion or other documents delivered hereunder, or the negotiation, execution or performance hereof or thereof (including any claim or cause of action of any kind based upon, arising out of or related to any representation or warranty made in or in connection herewith or therewith), or for recognition or enforcement of any Judgment, and agrees that all claims in respect of any such claim or cause of action of any kind shall be heard and determined in such Delaware Court of Chancery (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any Federal court of the United States of America sitting in the State of Delaware), (ii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any claim or cause of action of any kind arising out of or relating to this Agreement, any certificate, instrument, opinion or other documents delivered hereunder, or the negotiation, execution or performance hereof or thereof (including any claim or cause of action of any kind based upon, arising out of or related to any representation or warranty made in or in connection herewith or therewith) in the Delaware Court of Chancery, any Federal court of the United States of America sitting in the State of Delaware, or in any Delaware State court, (iii) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such claim or cause of action of any kind in any such court and (iv) agrees that a final Judgment in any such claim or cause of action of any kind shall be conclusive and may be enforced in other jurisdictions by suit on the Judgment or in any other manner provided by Law. Each of the Parties agrees that service of process, summons, notice or document by registered mail addressed to it at the applicable address set forth in Section 10.10 below shall be effective service of process for any claim or cause of action of any kind brought in any such court.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

10.04 Remedies.

(a) The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the Parties do not perform the provisions of this Agreement (including failing to take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement) in accordance with its specified terms or otherwise breach such provisions. It is accordingly agreed that the Parties shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement (including breaches of Section 5.01, irrespective of any other remedies provided for under Section 9.02(b)) and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at Law or in equity. For the avoidance of doubt, to the extent Purchaser terminates this Agreement in accordance with the terms of Section 9.01(g), such termination shall not be deemed a breach of Purchaser's obligations under this Agreement for which specific performance or other equitable relief is available, except that Seller shall be entitled to specific performance of Purchaser's obligation to pay the Purchaser Termination Fee in accordance with Section 9.02(b) if Purchaser fails to make such payment. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that the Party seeking the injunction, specific performance and other equitable relief has an adequate remedy of Law. The remedies available to Seller pursuant to this Section 10.04 shall be in addition to any other remedy to which it is entitled at Law or in equity. To the extent any Party brings any action to enforce specifically the performance of the terms and provisions of this Agreement (other than an action solely to specifically enforce any provision that expressly survives termination of this Agreement pursuant to Section 9.02 hereof) when available to such party pursuant to the terms of this Agreement, the Outside Date shall automatically be extended by the longer of (i) the amount of time during which such action is pending, *plus* twenty (20) Business Days, or (ii) such other time period established by the court presiding over such action.

(b) For the avoidance of doubt, in no event shall the exercise of the Parties' right to seek specific performance pursuant to this Section 10.04 reduce, restrict or otherwise limit a Party's right to terminate this Agreement pursuant to Article IX or pursue all applicable remedies at Law, including Seller's right to seek payment of the Purchaser Termination Fee in connection with a termination. Notwithstanding the foregoing or elsewhere in this Agreement, in no event shall Seller, directly or indirectly, be permitted or entitled to receive both (i) a grant of specific performance that results in the Closing, on the one hand, and (ii) payment of the Purchaser Termination Fee, on the other hand.

10.05 Modification; Waiver. This Agreement may be modified only by a written instrument executed by the Parties. Any of the terms and conditions of this Agreement may be waived in writing (subject to applicable Law) at any time on or prior to the Closing Date by the Party entitled to the benefits thereof.

10.06 Entire Agreement. This Agreement together with the Ancillary Agreements constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, oral or written, express or implied, between the Parties and their respective Representatives in respect of the subject matter hereof, except that this Agreement does not supersede the Confidentiality Agreement, the terms and conditions of which the Parties expressly reaffirm.

10.07 Severability. If any term or other provision of this Agreement is found to be, by competent authority with jurisdiction, invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the fullest extent possible.

10.08 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement; provided that: (a) the D&O Indemnified Parties shall be considered third party beneficiaries of Section 6.06, (b) the Seller Related Parties shall be considered third party beneficiaries of Section 6.03, (c) the Released Parties shall be considered third party beneficiaries of Section 10.14 and (d) Skadden shall be considered a third party beneficiary of Section 10.15, and, in each case, such parties shall have the right to enforce such Sections.

10.09 Failure or Indulgence Not Waiver. No failure or delay on the part of any Party in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof, or of any other right.

10.10 Notices. All notices, requests, instructions, claims, demands and other communications under this Agreement shall be sent by email and shall be deemed given or made on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day (or otherwise on the next succeeding Business Day); provided that no "bounce back" or similar message indicating non-delivery is received with respect to such communication. Such communications must be sent to the respective Parties at the following email address, or at such other email address for a Party as shall be specified by like notice in accordance with this Section 10.10 (it being understood that rejection or other refusal to accept or the inability to deliver because of a changed email address for which no notice was given shall be deemed to be receipt of such communication as of the date of such inability to deliver):

if to Seller:

Nexus Regulated Utilities, LLC
c/o Nexus Water Group, Inc.
2150 Town Square Place, Suite 400
Sugar Land, TX 77479
Attention: Chief Legal Officer
Email: legalnotices@nexuswg.com

with copies to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005
Attention: Katherine D. Ashley
Email: katherine.ashley@skadden.com

if to Purchaser:

American Water Works Company, Inc.
One Water Street
Camden, NJ 08102
Attention: Stacy Mitchell, General Counsel
Email: stacy.mitchell@amwater.com

with a copy to (which shall not constitute notice):

American Water Works Company, Inc.
One Water Street
Camden, NJ 08102
Attention: Jordan Mersky
Email: jordan.mersky@amwater.com

10.11 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that any assignment, by operation of law or otherwise, by a Party shall require the prior written consent of the other Party and any purported assignment or other transfer without such consent shall be void and unenforceable.

10.12 Disclosure Schedules and Exhibits. The Schedules and Exhibits to this Agreement and the Seller Disclosure Letter are hereby incorporated and made a part hereof and are an integral part of this Agreement. Seller may, at its option, include in the Seller Disclosure Letter items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts herein or in the Seller Disclosure Letter shall not be deemed to be an acknowledgment or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement or otherwise. Any matter set forth in any section of the Seller Disclosure Letter shall be deemed to be referred to and incorporated in any section to which it is specifically referenced or cross-referenced and also in all other sections of the Seller Disclosure Letter to which such matter's application or relevance is reasonably apparent on its face. Any capitalized term used in any Exhibit, Schedule or the Seller Disclosure Letter but not otherwise defined therein shall have the meaning given to such term herein.

10.13 Counterparts. This Agreement and any amendment, restatement, supplement or other modification hereto or waiver hereunder, (a) may be executed in any number of counterparts (including by means of facsimile or email in .pdf format), each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement and (b) to the extent signed and delivered by means of a facsimile machine or scanned pages via email, shall be treated in all manner and respect as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person.

10.14 No Recourse. Except as set forth in the Ancillary Agreements, all claims, obligations or liabilities (whether at Law, in equity, in contract, in tort or otherwise) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and such representations and warranties are those solely of) the Parties. No Person who is not a Party, including any current, former or future equityholder, incorporator, controlling person, general or limited partner, member, Affiliate, assignee or representative of any Party, or any current, former or future equityholder, incorporator, controlling person, general or limited partner, Affiliate, assignee or representative of any of the foregoing or any of their respective successors, predecessors or assigns (or any successors, predecessors or assigns of the foregoing) (collectively, the "Released Parties"), shall have any liability (whether in Law or in equity, whether in contract or in tort or otherwise) for any claims, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach (other than as set forth in the Ancillary Agreements), and, to the maximum extent permitted by Law, each Party hereby waives and releases all claims or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach (other than as set forth in the Ancillary Agreements) against any such Released Party. Without limiting the foregoing, to the maximum extent permitted by Law, except to the extent otherwise set forth in the Ancillary Agreements, (a) each Party hereby waives and releases any and all rights or claims that may otherwise be available, whether at Law, in equity, in contract, in tort or otherwise, to avoid or disregard the entity form of a Party or otherwise impose liability of a Party on any Released Party, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise, in each case arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach (other than as set forth in the Ancillary Agreements); and (b) each Party disclaims any reliance upon any Released Party with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Notwithstanding anything to the contrary contained herein or otherwise, after the Closing, no Party may seek to rescind this Agreement or any of the transactions contemplated hereby.

10.15 Provision Respecting Legal Representation. Purchaser (on its behalf and, from and after the Closing, on behalf of the Acquired Subsidiaries) hereby waives, and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Skadden representing Seller or any Seller Related Party after the Closing as such representation may relate to Purchaser, the Acquired Subsidiaries or the transactions contemplated by this Agreement. Purchaser (on its behalf and, from and after the Closing, on behalf of the Acquired Subsidiaries) hereby agrees that, in the event that a dispute arises after the Closing between Purchaser or the Acquired Subsidiaries, on the one hand, and Seller or any Seller Related Party, on the other hand, Skadden may represent any or all of Seller or any Seller Related Party in such dispute even though the interests of Seller or the Seller Related Parties may be directly adverse to Purchaser, the Acquired Subsidiaries or any of their respective Affiliates, and even though Skadden formerly may have represented the Acquired Subsidiaries in a matter substantially related to such dispute. In addition, all communications involving attorney-client confidences by Seller, the Acquired Subsidiaries or the Seller Related Parties in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to Seller and the Seller Related Parties (and not Purchaser or the Acquired Subsidiaries). Accordingly, Purchaser and the Acquired Subsidiaries shall not have access to any such communications, or to the files of Skadden relating to the engagement described in this Section 10.15, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (a) Seller and the Seller Related Parties (and not Purchaser, the Acquired Subsidiaries or their respective Affiliates) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of Seller, the Acquired Subsidiaries or their respective Affiliates shall be a holder thereof, (b) to the extent that the files of Skadden in respect of such engagement constitute property of the client, only Seller and the Seller Related Parties (and not Purchaser, the Acquired Subsidiaries or their respective Affiliates) shall hold such property rights and (c) Skadden shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to Purchaser, the Acquired Subsidiaries or their respective Affiliates by reason of any attorney-client relationship between Skadden and any of Purchaser, the Acquired Subsidiaries or their respective Affiliates or otherwise.

Remainder of page intentionally left blank

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first above written.

NEXUS REGULATED UTILITIES, LLC

By: /s/ Robert MacLean
Name: Robert MacLean
Title: President

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ David Bowler
Name: David Bowler
Title: Chief Financial Officer

[*Signature Page to Purchase and Sale Agreement*]

LIST OF EXHIBITS AND SCHEDULES OMITTED FROM FILING

The following exhibits, schedules and attachments to the attached Purchase and Sale Agreement have been omitted from Exhibit 2.1 pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish the omitted exhibits, schedules and attachments to the U.S. Securities and Exchange Commission upon request.

EXHIBITS

Exhibit A – Accounting Principles
Exhibit B – Acquired Interests Assignment Agreement

SCHEDULE

Schedule I – Acquired Business Employees

DISCLOSURE LETTERS

Seller Disclosure Letter

Press Release

AMERICAN WATER

American Water Agrees to Purchase Nexus Water Group Systems in Eight States

CAMDEN, N.J. – MAY 19, 2025 – American Water Works Company, Inc. (NYSE: AWK), the largest regulated water and wastewater utility company in the U.S., announced today that it has agreed with Nexus Regulated Utilities, LLC, a subsidiary of Nexus Water Group, Inc. ("Nexus Water Group"), to purchase multiple water and wastewater systems located in eight states for a total of approximately $315 million, subject to adjustment as provided for in the purchase and sale agreement.

Based on current connection counts, the acquisition would add nearly 47,000 customer connections within American Water's existing footprint in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia.

"American Water is excited about this announced transaction as it is good for customers and another example of the execution of our core growth strategy," said John Griffith, President and CEO of American Water. "Through this transaction, we will grow in eight of our existing regulated states and leverage our scale and size to deliver safe, clean, reliable and affordable water and wastewater services to nearly 47,000 new customer connections. Additionally, we believe this expansion will lead to even more growth in those states as communities continue to look for water and wastewater solutions."

The transaction will require regulatory approval by the state public utility commissions in applicable states, as well as other customary approvals from other governmental entities, and both American Water and Nexus Water Group are committed to working together to ensure that the transition will be seamless for customers after the acquisition and beyond. American Water is also committed to offering employment to the approximately 70 employees of Nexus Water Group affiliates who proudly provide water and wastewater service in these areas.

Nexus Water Group President and CEO Rob MacLean said, "Nexus Water Group is committed to driving sustained growth and value through our long-term strategy. This agreement with American Water will allow Nexus Water Group to focus on a smaller core geography where we are better poised to grow and efficiently serve our customers.

Press Release

AMERICAN WATER

The sale also supports continued professional growth for our local employees in these areas."

The completion of the transaction is also subject to the satisfaction or waiver of various conditions, including the receipt of all required regulatory approvals and other customary closing conditions. The estimated closing will take place by or before August 2026.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, among other things, the completion of the proposed acquisition; the ability to satisfy closing and other conditions related to the proposed transaction, including obtaining regulatory approvals; anticipated capital investments; and the ability to achieve certain benefits, synergies and goals relating to the transaction and the operations to be acquired. These statements are based on the current expectations of management of American Water. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including with respect to (1) obtaining all required regulatory and other approvals and the ability to satisfy the conditions to closing related to such approvals in the purchase agreement; (2) the final amount of the purchase price to be

Press Release

AMERICAN WATER

paid in the acquisition; (3) satisfying other conditions to the closing of the acquisition; (4) the occurrence, in whole or in part, of the plans, benefits and synergies expected or predicted to occur as a result of the acquisition; (5) unexpected costs, liabilities or delays associated with the acquisition or the integration of the operations to be acquired; (6) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect American Water; and (7) other economic, business and other factors. Forward-looking statements are not guarantees or assurances of future performance or results, and American Water does not undertake any duty to update any forward-looking statement. The foregoing factors should not be considered to be exclusive.

AWK-IR

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aaron.musgrave@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 21, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Iowa Utilities Commission ("IUC") Issuance of Final Order in Iowa-American Water Company ("Iowa American Water") General Rate Case

On May 21, 2025, the IUC issued a final order (the "Order") approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024 by Iowa American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approved a $12.7 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $0.9 million, based on an authorized return on equity ("ROE") of 9.60%, authorized rate base of $262.1 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%, as compared to an authorized ROE of 9.60%, an authorized rate base of $144.7 million, and a capital structure with a common equity component of 52.28% and a long-term debt component of 47.72%, all as approved in Iowa American Water's last general rate case effective October 27, 2021. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by Iowa American Water through March 2026. Interim rates in this case became effective May 11, 2024. The effective date for new rates will be established by the IUC after Iowa American Water files for rates that reflect the Order and the IUC completes its review of that filing.

A copy of the press release issued by Iowa American Water on May 22, 2025 announcing the issuance of the Order has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated May 22, 2025, issued by Iowa American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: May 22, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

IOWA AMERICAN WATER

Iowa American Water Granted New Rates by Iowa Utilities Commission

Increase Driven by Over $157 Million in Infrastructure Investments

DAVENPORT, IOWA. (MAY 22, 2025) – The Iowa Utilities Commission (IUC) issued an order on May 21 approving new water and wastewater rates for Iowa American Water. The company's rate request was filed on May 1, 2024, and was primarily driven by over $157 million in infrastructure investment in treatment and distribution system upgrades since its last rate filing.

"We are committed to making appropriate investments to continue to provide safe, clean, reliable and affordable services," said Brad Nielsen, President, Iowa American Water. "Our effective capital planning and consistent focus on efficiently operating our systems keep our water and wastewater services compliant with state and federal regulations for the benefit of the customers and communities we serve in Iowa."

Next, Iowa American Water will prepare and file rates that reflect the IUC's Order. After review of the filing, an effective date for the new rates will be established by the IUC. Interim rates became effective on May 11, 2024.

Iowa American Water offers customer payment installment plans and budget billing options on the MyWater customer portal at iowaamwater.com. More information on these programs can be found on the company's website, under Customer Service & Billing, Customer Assistance programs.

Customers will receive information about the new rates on their Iowa American Water bill. Information will also be available on the company's website here under Customer Service Billing, Your Water and Wastewater Rates. Additional information can also be found on the Iowa Utilities Commission's website at iuc.iowa.gov.

Press Release

IOWA AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Iowa American Water
Iowa American Water, a subsidiary of American Water is the largest regulated water utility in the state, providing safe, clean, reliable and affordable water services to approximately 227,000 people.

For more information, visit iowaamwater.com and follow Iowa American Water on Facebook and X.

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 9, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(d) On June 9, 2025, the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company") increased the size of the Board from eight to nine members. Upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed Raffiq Nathoo as an independent director, effective immediately and for a term ending on the date of the Company's 2026 Annual Meeting of Shareholders, or until the director's earlier death, resignation or removal. Upon the recommendation of the Nominating Committee, the Board appointed Mr. Nathoo to the Audit, Finance and Risk Committee and the Safety, Environmental, Technology and Operations Committee of the Board.

In accordance with the Board's compensation arrangements currently in effect, Mr. Nathoo will receive an annual cash retainer of $120,000, payable quarterly and prorated for the director's term of service, as well as reimbursement for expenses incurred in attending Board and committee meetings and reimbursement for attending one continuing director education program per year. Mr. Nathoo was also granted an award of director stock units under the Company's 2017 Omnibus Equity Compensation Plan, each of which represents an immediately vested contractual right to receive one share of the Company's common stock. The stock units represent the prorated portion of $175,000 in annual equity compensation for the director's initial term of service. Shares of Company common stock underlying this award are to be distributed to Mr. Nathoo within 30 days after the date of grant. Under the Company's non-employee director stock ownership policy, by June 2030, Mr. Nathoo is required to hold shares with a value of at least five times his annual cash retainer.

Mr. Nathoo has no direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K. Other than as described above, there are no arrangements or understandings between Mr. Nathoo and any other person, pursuant to which the director was selected as such.

Item 7.01. Regulation FD Disclosure.

On June 9, 2025, the Company issued a press release announcing the election of Mr. Nathoo as a new independent member of the Board. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated June 9, 2025, issued by the Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: June 9, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Appoints New Independent Member to the Board of Directors

CAMDEN, N.J., JUNE 9, 2025 – American Water Works Company, Inc. (NYSE: AWK) announced today that Raffiq Nathoo has been appointed as an independent member of the company's board of directors, effective today.

"American Water is pleased to have Raffiq join our board of directors," said Karl Kurz, Board Chair of American Water. "Bringing more than 30 years of experience in the international financial and capital markets, including leadership in the energy, power and utilities sectors, Raffiq will further strengthen our board, and we look forward to working with him."

“We are honored to have Raffiq become part of American Water's board," said John Griffith, President and CEO of American Water. "His deep expertise in utility sector finance will bring great value to the board and our company.”

Nathoo has served as a Managing Partner of T^{X3} Sage Rock, a private investment management firm, since August 2019. His professional experience in investment banking and private and public equity businesses, includes work with New Mountain Capital, where he served as an Executive-in-Residence from 2015 to 2017, and with Blackstone from 1991 to 2014, where he was a Senior Managing Director for 14 years and led the firm’s advisory practice globally in the energy, power and utilities sectors.

He currently serves on the Board of Directors of Cabot Corporation (NYSE: CBT), a specialty chemicals and performance materials company, where he is a member of the Audit Committee.

Nathoo earned an MBA from Harvard University and a Bachelor of Arts degree in Government from Dartmouth College.

American Water’s board of directors now consists of nine members.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water’s 6,700 talented professionals leverage their significant expertise and the company’s national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Press Release

AMERICAN WATER

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 1, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the California Public Utilities Commission (the "CPUC") by California-American Water Company ("California American Water")

On July 1, 2025, California American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of $63.1 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111.2 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by California American Water through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027.

A copy of the press release issued by California American Water on July 1, 2025, has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the CPUC of California American Water's request for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the CPUC, related to this request; (3) the timing of any implementation of new rates by California American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or California American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by California American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or California American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or California American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated July 1, 2025, issued by California American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 1, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

CALIFORNIA AMERICAN WATER

California American Water Files Rate Request Driven by Approximately $750 Million in Infrastructure Improvements

Request reinforces company's commitment to providing safe, clean, reliable and affordable service

SACRAMENTO, Calif. – **(July 1, 2025)** – California American Water filed a request today with the California Public Utilities Commission (CPUC) for new rates, reflecting approximately $750 million of water and wastewater system investments completed and planned from 2025 through 2028. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide safe, clean, reliable and affordable service in compliance with environmental regulations for the benefit of customers.

"Our commitment to long-term investments in our water and wastewater systems helps ensure we deliver high-quality service across California," said Kevin Tilden, President of California American Water. "Investing in our infrastructure helps us make sure our customers have safe and healthy water when they need it."

Among the infrastructure improvements included in the request are new water treatment plants, the replacement of aging water pipelines and the upgrading of storage tanks, pumping stations, hydrants, meters and more.

If the company's proposed rates are approved as requested in today's filing, the water bill for the average residential customer would range between an approximately $3 decrease and a $17 increase per month, depending on their service area, beginning in January 2027. The company's last general rate case was filed in July 2022.

The new rates proposed in today's filing are only requests. Following CPUC's approval, customers will be informed of the approved rates by mail and on the company's website.

California American Water offers its Customer Assistance Program (CAP), which currently provides discounts of 25-35 percent to qualifying customers. As part of its rate filing, the company is proposing the expansion of the CAP and its multi-family building assistance program in the Monterey service area. Additional customer assistance offered by the company includes conservation programs, payment plans, budget billing, and crisis assistance. More information about current programs statewide can be found by clicking the Customer Assistance Program link here.

The CPUC's 18-month statutory rate review process is a thorough examination of the company's proposal that offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public hearings and through consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to learn how customers may participate in this process, visit the californiaamwater.com rates information page here.

Press Release

CALIFORNIA AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About California American Water
California American Water, a subsidiary of American Water, provides safe, clean, reliable and affordable water and wastewater services to approximately 700,000 people.

For more information, visit www.californiaamwater.com and follow California American Water on LinkedIn, Facebook, X, and Instagram.

AWK-IR

Contacts
Media
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External Affairs
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Email: Evan.jacobs@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 30, 2025, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the second quarter ended June 30, 2025. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated July 30, 2025, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: July 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

July 30, 2025

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
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Media Contact:
Maureen Duffy
Executive Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS SOLID SECOND QUARTER RESULTS NARROWS 2025 EPS GUIDANCE TO TOP HALF OF RANGE *AFFIRMS LONG-TERM TARGETS*

- **Second quarter 2025 earnings were $1.48 per share, compared to $1.42 per share in 2024; year-to-date 2025 earnings were $2.53 per share, compared to $2.37 per share in 2024**
  - **On a weather-normalized basis, year-to-date 2025 and 2024 results were $2.56 per share and $2.34 per share, respectively, a 9.4% increase; quarter and year-to-date 2025 and 2024 comparative results reflect a net unfavorable weather impact of an estimated $0.06 per share**
- **2025 earnings per share guidance range is narrowed to $5.70 to $5.75 from $5.65 to $5.75, on a weather-normalized basis; long-term targets affirmed**
- **Agreement to purchase Nexus Water Group systems in eight states; approximately 87,000 customer connections under agreement in total as of July 30, 2025**
- **2025 capital investment plan of $3.3 billion on track; $1.3 billion of investment through June 30, 2025**

CAMDEN, N.J., July 30, 2025 - American Water Works Company, Inc. (NYSE: AWK) today reported results for the quarter ended June 30, 2025, of $1.48 per share, compared to $1.42 per share for the same quarter in 2024 and $2.53 per share for the year-to-date period ended June 30, 2025, compared to $2.37 per share for the same period in 2024.

“The company delivered solid results for the first half of the year,” said John Griffith, President and CEO of American Water. “We are excited about the outlook for growth in the business, the foundation of which is continued investment in the communities we currently serve. We are also pleased with the positive momentum in our acquisition growth strategy, including the recently announced transaction to purchase Nexus Water Group systems in eight of our existing regulated states,” added Griffith. “Through this and other announced transactions, we will grow and continue to leverage our scale and size to deliver safe, clean, reliable and affordable water and wastewater services to customers.”

2025 EPS Guidance Narrowed to Top Half of Range; Long-Term Financial Targets Affirmed

The company’s 2025 earnings per share guidance range is now $5.70 to $5.75, narrowed from the previous EPS guidance range of $5.65 to $5.75, on a weather-normalized basis. Both ranges include approximately $0.10 per share of incremental interest income resulting from the early 2024 amendment to the terms of the secured seller note receivable from the 2021 sale of HOS. The company affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results

For the three and six months ended June 30, 2025, earnings per share were $1.48 and $2.53 compared to $1.42 and $2.37 per share in the same periods in 2024. Results include increased revenues from implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and six months ended June 30, 2025 compared to the same periods in 2024, reflect an estimated net unfavorable impact of weather of $0.06 per share, including an estimated $0.03 per share of unfavorable impact due to wet weather in the second quarter of 2025, across many states, and an estimated $0.03 per share of favorable impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey.

The company is on track to meet its capital investment plan for the year with investment of $1.3 billion in the first six months of 2025. The company plans to invest a total of approximately $3.3 billion across its footprint in 2025.

Regulated Businesses

In the second quarter of 2025, the Regulated Businesses' net income was $288 million, compared to $274 million for the same period in 2024. For the first six months of 2025, the Regulated Businesses' net income was $489 million, compared to $459 million for the same period in 2024.

Operating revenues increased $121 million and $242 million for the three and six months ended June 30, 2025, respectively, as compared to the same periods in 2024. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments, as well as incremental revenue from closed acquisitions.

Since January 1, 2025, the company has been authorized additional annualized revenues of $270 million, with $232 million from general rate cases and $38 million from infrastructure surcharges. The company has general rate cases in progress in three jurisdictions and has filed for an infrastructure surcharge in one jurisdiction, reflecting a total annualized revenue request of $126 million.

Operating expenses were higher by $83 million and $161 million for the three and six months ended June 30, 2025, respectively, as compared to the same periods in 2024. Operating expenses were higher primarily due to an increase in employee related costs and technology related costs, as well as general taxes associated with increased capital investment, and other operation and maintenance costs related to acquisitions closed in 2024. Operating expenses also include depreciation expense, which was higher by $28 million and $57 million in the same periods, due to the increase in capital investment.

Interest expense was higher by $14 million and $31 million for the three and six months ended June 30, 2025, respectively, as compared to the same periods in 2024, as a result of incremental short and long-term debt primarily to fund capital investments.

Dividends

On July 30, 2025, the company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on September 3, 2025, to shareholders of record as of August 12, 2025.

2025 Second Quarter Earnings Conference Call

The conference call to discuss second quarter 2025 earnings, 2025 earnings guidance, and long-term targets will take place on Thursday, July 31, 2025, at 9 a.m. Eastern Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's investor relations website at ir.amwater.com.

About American Water

American Water (NYSE: AWK), a large capitalization value company, is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and diluted earnings per share.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this press release including, without limitation, 2025 earnings guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity, the amount and allocation of projected capital expenditures, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or

unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: (i) the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; (ii) the various impacts and effects of (a) compliance, or attempted compliance with, the terms and conditions of the acquisition agreement, and/or (b) the completion of or, or actions taken by the company to complete, the acquisition, on the company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and (iii) any requirement by the company to pay a termination fee in the event the closing does not occur; risks and uncertainties following the completion of the sale of the company's former HOS business, including: the company's ability to receive amounts due, payable and owing to the company under the amended secured seller note when due; and the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date of this press release. American Water does not have any obligation, and specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	$ 1,276	$ 1,149	$ 2,418	$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 36,137	$ 35,059
Accumulated depreciation	(7,205)	(7,021)
Property, plant and equipment, net	28,932	28,038
Current assets:		
Cash and cash equivalents	94	96
Restricted funds	17	29
Accounts receivable, net of allowance for uncollectible accounts of $56 and $53, respectively	424	416
Income tax receivable	25	25
Unbilled revenues	434	315
Materials and supplies	109	103
Other	296	231
Total current assets	1,399	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,178	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	89	89
Goodwill	1,151	1,144
Other	369	399
Total regulatory and other long-term assets	3,582	3,577
Total assets	$ 33,913	$ 32,830

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,551,058 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,621	8,598
Retained earnings	2,445	2,112
Accumulated other comprehensive income	5	12
Treasury stock, at cost (5,452,694 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,682	10,332
Long-term debt	12,278	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,281	12,521
Total capitalization	22,963	22,853
Current liabilities:		
Short-term debt	1,589	879
Current portion of long-term debt	1,119	637
Accounts payable	306	346
Accrued liabilities	569	791
Accrued taxes	107	156
Accrued interest	119	111
Other	182	230
Total current liabilities	3,991	3,150
Regulatory and other long-term liabilities:		
Advances for construction	410	383
Deferred income taxes and investment tax credits	2,990	2,881
Regulatory liabilities	1,420	1,416
Operating lease liabilities	77	76
Accrued pension expense	207	217
Other	255	277
Total regulatory and other long-term liabilities	5,359	5,250
Contributions in aid of construction	1,600	1,577
Commitments and contingencies		
Total capitalization and liabilities	$ 33,913	$ 32,830

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Public Service Commission of Maryland (the "MDPSC") by Maryland-American Water Company ("Maryland American Water")

On August 1, 2025, Maryland American Water, a wholly-owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the MDPSC to adjust its water rates. The request seeks aggregate annualized incremental revenues of $3.0 million. The request is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22.0 million of capital investments completed by Maryland American Water from February 2019 through April 2025. The filing must be approved by the MDPSC, and if approved, it is anticipated that new rates would take effect in March 2026.

A copy of the press release issued by Maryland American Water on August 1, 2025 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated August 1, 2025, issued by Maryland American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 1, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

MARYLAND AMERICAN WATER

Maryland American Water Files Rate Request Driven by $22 Million of Investment Over Last Seven Years

Request reinforces company's commitment to providing safe, clean, reliable and affordable service

Bel Air, M.D. (August 1, 2025) – Maryland American Water filed a request today with the Maryland Public Service Commission (PSC) for new rates, reflecting $22 million of water system investments since the company's last rate request. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide high-quality water service in compliance with environmental regulations for the benefit of customers.

"Our commitment to long-term investments in our water systems helps ensure we deliver the high level of service our customers deserve and expect," said Laura Runkle, President of Maryland American Water. "These ongoing investments are vital for providing safe, clean, reliable and affordable service to the communities we serve and demonstrate our dedication to the public health and safety of those communities."

In today's filing, Maryland American Water's proposed rates include a two-tiered rate structure, with lower rates for the first 2,000 gallons to promote affordability for lower-usage customers. If the company's proposed two-tiered rates are approved, the monthly water bill for residential customers in the Town of Bel Air using 2,000 gallons per month would increase by approximately $6, and customers using 4,000 gallons per month would see an increase of approximately $29. Monthly water bills for residential customers in the company's Severn District would increase approximately $20 per month. The company's last rate adjustment was in 2019.

Maryland American Water also offers bill paying assistance programs that include payment plans, budget billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website.

The proposed rates are a request only and are not final until authorized by the PSC, which conducts a thorough review of the company's financial and operational data. Once a final decision has been made, customers will receive information regarding new rates in the mail and on the company's website. New rates are not expected to be effective until March 2026.

Press Release

MARYLAND
AMERICAN WATER

Customers can participate through written comments, attendance at public comment hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to learn how customers may participate in this process, visit marylandamwater.com and select "Your Water Rates" under the Customer Service & Billing menu.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Maryland American Water
Maryland American Water, a subsidiary of American Water, provides safe, clean, reliable and affordable water services to approximately 24,000 people.

AWK-IR

Media Contact
Marybeth Leongini
Senior External Affairs Manager
marybeth.leongini@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 4, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

On August 4, 2025, American Water Works Company, Inc. ("American Water") entered into a forward sale agreement (a "Forward Sale Agreement," and, collectively, the "Forward Sale Agreements") with each of Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent) (each, a "Forward Purchaser"), relating to an aggregate of 7,042,254 shares (the "Borrowed Shares") of American Water's common stock, par value $0.01 per share ("Common Stock").

On August 6, 2025, the Forward Sellers (as defined below) borrowed from third parties the Borrowed Shares and the Forward Sellers sold the Borrowed Shares in connection with the Forward Sale Agreements to the underwriters named in the Underwriting Agreement referred to under Item 8.01 below, for whom Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, are acting as representatives.

The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at American Water's discretion on or prior to December 31, 2026. On a settlement date or dates, if American Water elects to physically settle one or more Forward Sale Agreements, American Water will issue shares of Common Stock to the relevant Forward Purchaser at the then-applicable forward sale price. The forward sale price under the Forward Sale Agreements is initially $139.657 per share, which is equal to the price to public per share less an underwriting discount reflected in the Underwriting Agreement. The Forward Sale Agreements provide that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the overnight bank funding rate less a spread, and will be subject to decrease on each of certain dates specified in such Forward Sale Agreement by amounts related to expected dividends on shares of Common Stock during the term of such Forward Sale Agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a reduction of the forward sale price for such day.

Each Forward Sale Agreement will be physically settled unless American Water elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which American Water has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). American Water estimates that it will receive net proceeds of approximately $983.5 million (assuming no exercise of the underwriters' option to purchase Optional Shares (as defined below)), before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of each of the Forward Sale Agreements. If American Water elects cash settlement or net share settlement for all or a portion of the shares of Common Stock underlying the relevant Forward Sale Agreement, American Water would expect such Forward Purchaser or one of its affiliates to purchase a number of shares of Common Stock corresponding to the portion for which American Water elects cash settlement or net share settlement in order to satisfy its or its affiliate's obligation to return the shares of Common Stock such Forward Purchaser had borrowed in connection with sales of Common Stock and, if applicable in connection with net share settlement, to deliver shares of Common Stock to American Water. If the market value of Common Stock at the time of such purchase is above the applicable forward sale price at that time, American Water will pay or deliver, as the case may be, to the relevant Forward Purchaser under such Forward Sale Agreement, an amount in cash, or a number of shares of Common Stock with a market value, equal to such difference multiplied by the number of shares of Common Stock underlying the relevant Forward Sale Agreement subject to cash settlement or net share settlement, as the case may be. Conversely, if the market value of Common Stock at the time of such purchase is below the applicable forward sale price at that time, such Forward Purchaser will pay or deliver, as the case may be, to American Water under the relevant Forward Sale Agreement, an amount in cash, or a number of shares of Common Stock with a market value, equal to such difference multiplied by the number of shares of Common Stock underlying the relevant Forward Sale Agreement subject to cash settlement or net share settlement, as the case may be. American Water intends to use any net cash proceeds that it may receive upon a settlement of a Forward Sale Agreement for general corporate purposes.

Each Forward Purchaser will have the right to accelerate each Forward Sale Agreement to which it is a party (or, in certain cases, the portion thereof that such Forward Purchaser determines is affected by the relevant event) and require American Water to physically settle such Forward Sale Agreement on a date specified by such Forward Purchaser if (i) in the good faith, commercially reasonable judgment of such Forward Purchaser, it or its affiliate is unable to borrow a number of shares of Common Stock equal to the number of shares to be delivered by American

Water upon physical settlement of such Forward Sale Agreement or such Forward Purchaser or its affiliate is unable to borrow a specified number of shares at a rate equal to or less than an agreed maximum stock loan rate; (ii) American Water declares any dividend or distribution on shares of Common Stock payable in (a) cash in excess of a specified amount (other than an extraordinary dividend), (b) securities of another company, or (c) any other type of securities (other than Common Stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such Forward Purchaser; (iii) certain ownership thresholds applicable to such Forward Purchaser are exceeded; (iv) an event is announced that, if consummated, would result in an extraordinary event (as defined in such Forward Sale Agreement) including, among other things, certain mergers and tender offers, as well as certain events such as a delisting of the Common Stock (each as more fully described in the Forward Sale Agreements); or (v) certain other events of default or termination events occur, including, among other things, any material misrepresentation made by American Water in connection with American Water's entry into such Forward Sale Agreement, American Water's bankruptcy (except in certain circumstances described in the Forward Sale Agreements) or certain changes in law (each as more fully described in the Forward Sale Agreements).

The foregoing description of the Forward Sale Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of each such Forward Sale Agreement, which has been filed as Exhibit 10.1, Exhibit 10.2, and Exhibit 10.3 hereto, respectively, and each of which is incorporated by reference herein in response to this Item 1.01.

Item 8.01. Other Events.

In connection with the Forward Sale Agreements described in response to Item 1.01 above, and the public offering of the Shares (as defined below), on August 4, 2025, American Water entered into an underwriting agreement (the "Underwriting Agreement") with Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the representatives of the underwriters named therein (the "Underwriters"), Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the forward sellers (each, a "Forward Seller"), and each of the Forward Purchasers, pursuant to which the Forward Sellers sold to the Underwriters the Borrowed Shares on August 6, 2025. Under the terms of the Underwriting Agreement, American Water also granted the Underwriters a 30-day option to purchase up to an additional 1,056,338 shares (the "Optional Shares" and together with the Borrowed Shares, the "Shares") of Common Stock. The Underwriters agreed to buy the Shares issued pursuant to the Underwriting Agreement at a price equal to the initial forward sale price, less, with respect to the Optional Shares, any dividends declared and payable by the Company on the Borrowed Shares and not on the Optional Shares. The Shares were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (File No. 333-277166).

This Current Report on Form 8-K is being filed, in part, to report the closing of the registered public offering of the Shares and the sale of the Borrowed Shares, and to include, as exhibits, certain documents executed in connection with such registered public offering and sale.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this Current Report on Form 8-K, including, without limitation, with respect to the future settlement of the Forward Sale Agreements, adjustments to the forward sale price, and the amount of and intended use of net proceeds from any settlement of the Forward Sale Agreements, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in

American Water's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of American Water's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; American Water's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with American Water's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of American Water's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; American Water's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in American Water's capital requirements; American Water's ability to control operating expenses and to achieve operating efficiencies, and American Water's ability to create, maintain and promote initiatives and programs that support the affordability of its regulated utility services; the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or the water provided to its customers; American Water's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in American Water's business operations; American Water's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation its ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; American Water's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: (i) the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; (ii) the various impacts and effects of (a) compliance, or attempted compliance with, the terms and conditions of the acquisition agreement, and/or (b) the completion of or, or actions taken by American Water to complete, the acquisition, on American Water's operations, strategy, guidance, expectations and plans with respect to its regulated businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and (iii) any requirement by American Water to pay a termination fee in the event the closing does not occur; risks and uncertainties following the completion of the sale of American Water's former Homeowner Services Group business, including: American Water's ability to receive amounts due, payable and

owing under the amended secured seller note when due; and its ability to redeploy successfully and timely the net proceeds of the transaction into its regulated businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of American Water's operations; American Water's ability to successfully develop and implement new technologies and to protect related intellectual property; American Water's ability to maintain safe work sites; American Water's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; the inability of the Forward Purchasers (or their affiliates) to perform their obligations under the Forward Sale Agreements and other disruptions or other changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and American Water's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of American Water or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to American Water or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect American Water's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or American Water's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of its service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of American Water's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of its California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for American Water, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to American Water's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; American Water's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date of this press release. American Water does not have any obligation, and specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The factors set forth above in this press release should not be construed as exhaustive.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated August 4, 2025, by and among American Water, the Underwriters, the Forward Purchasers and the Forward Sellers.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
10.1*	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser.
10.2*	Forward Sale Agreement, dated August 4, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser.
10.3*	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 6, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102

7,042,254 Shares of Common Stock

Underwriting Agreement

August 4, 2025

Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, New York 10020

As representatives of the several Underwriters named in Schedule I hereto

Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, New York 10020

Each acting in its capacity as Forward Seller

Wells Fargo Bank, National Association
500 West 33rd Street, 14th Floor
New York, New York 10001

JPMorgan Chase Bank, National Association,
383 Madison Avenue
New York, New York 10179

Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, New York 10020

Each acting in its capacity as Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement

Ladies and Gentlemen:

1. American Water Works Company, Inc., a Delaware corporation (the "**Company**") confirms its agreement (this "**Agreement**") with the several underwriters named in Schedule I hereto (the "**Underwriters**"), for whom Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC are acting as representatives (in such capacity, the "**Representatives**"), the Forward Sellers (as defined herein) and the Forward Purchasers (as defined herein), at the request of the Company in connection with the Forward Agreements (as defined below), with respect to (a) the sale by Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC (in such capacity, each, a "**Forward Seller**" and collectively, the "**Forward Sellers**"), acting severally and not jointly, of an aggregate of 7,042,254 shares of common stock, par value $0.01 per share (the "**Common Stock**"), of the Company, and the purchase by the Underwriters, acting severally and not jointly, of the respective shares of Common Stock set forth in Schedule I (subject in each case to reduction for any Company Top-Up Firm Shares (as defined in Section 13(a) hereof) issued and sold by the Company pursuant to Section 13(a) hereof) (the "**Borrowed Firm Shares**") and (b) the grant by each of the Forward Sellers and the Company to the Underwriters, acting severally and not jointly, of the option described in Section 4(a)(iii) hereof to purchase all or any portion of an additional 1,056,338 shares of Common Stock (the "**Optional Shares**").

As used herein, "**Forward Agreements**" means each of the letter agreements dated the date hereof between the Company and each of Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association and Mizuho Markets Americas LLC (each a "**Forward Purchaser**", and collectively, the "**Forward Purchasers**") relating to the forward sale by the Company to each Forward Purchaser, subject to the Company's right to elect Cash Settlement or Net Share Settlement (as such terms are defined in such Forward Agreement), of a number of shares of Common Stock equal to the number of Borrowed Firm Shares sold by the Forward Sellers pursuant to this Agreement, and the term "**Additional Forward Agreements**" has the meaning set forth in Section 4(a)(iv).

The Borrowed Firm Shares and the Company Top-Up Firm Shares are herein referred to collectively as the "**Firm Shares**." Any Optional Shares sold to the Underwriters by the Forward Sellers pursuant to Section 4(a)(iii) upon exercise of the option described in Section 4(a)(iii) are herein referred to as the "**Borrowed Optional Shares**," and any Optional Shares sold to the Underwriters by the Company pursuant to Section 4(a)(v) upon exercise of such option, together with any Company Top-Up Optional Shares (as defined in Section 13(a)), are herein referred to as the "**Optional Shares**." The Company Top-Up Firm Shares and the Company Top-Up Optional Shares are herein referred to collectively as the "**Company Shares**." The Borrowed Firm Shares and the Borrowed Optional Shares are herein referred to collectively as the "**Borrowed Shares**." The Firm Shares and the Optional Shares are herein collectively called the "**Shares**."

2. The Company represents and warrants to, and agrees with, each of the Underwriters, the Forward Sellers and the Forward Purchasers that:

(b) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Shares has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"); any preliminary prospectus (including any preliminary prospectus supplement) relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Shares that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 2(d) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any

reference herein to the Registration Statement, the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of this Agreement or as of the date of such prospectus; any reference to any amendment or supplement to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Shares filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of this Agreement (with respect to the Registration Statement), the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares is hereinafter called an "**Issuer Free Writing Prospectus**";

(c) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act, and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives, the Forward Sellers or the Forward Purchasers expressly for use therein (the "**Underwriter Information**");

(d) For the purposes of this Agreement, the "**Applicable Time**" is 8:00 p.m., (New York City time) on the date of this Agreement. The Pricing Prospectus, when considered together with the information on Schedule IV hereto (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that the representations and warranties in this clause (d) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(e) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(f) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(g) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however,* that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(h) The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Act and the Exchange Act, as applicable, and present fairly the financial condition of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial

statements have been prepared in conformity with generally accepted accounting principles ("**GAAP**") in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein; the other financial information included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly the information shown thereby; and all disclosures included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of Commission) comply in all material respects with Item 10(e) of Regulation S-K under the Act and the Exchange Act, to the extent applicable;

(i) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Company or any of its subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Company and its subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Company or any its subsidiaries exists or, to the knowledge of the Company, is imminent, which could reasonably be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Company or increase in consolidated long-term debt of the Company and its consolidated subsidiaries other than the issuance of up to $1.0 billion of notes by American Water Capital Corp. ("**AWCC**") on or after the date hereof, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(j) The Company and each of its subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and each of its subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Company and

each of its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and each of its subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(k) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Company listed on Schedule III hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(l) All of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company, and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(m) The Company has the corporate power and authority to execute and deliver this Agreement, the Forward Agreements and any Additional Forward Agreements and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement, the Forward Agreements and any Additional Forward Agreements and the consummation by it of the transactions contemplated thereby has been or, in the case of any Additional Forward Agreements, will be duly and validly taken;

(n) This Agreement has been duly authorized, executed and delivered by the Company; the Forward Agreements have been, and any Additional Forward Agreements will be at the time of their execution and delivery by the Company, duly authorized, executed and delivered by the Company and constitute valid and legally binding agreements of the Company enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles

relating to enforceability; the Company Shares, if any, to be issued and sold by the Company hereunder have been duly authorized and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of such Company Shares is not subject to any preemptive or similar rights; the shares of Common Stock deliverable to the Forward Purchasers pursuant to the Forward Agreements and any Additional Forward Agreements, whether pursuant to Physical Settlement (as defined in each Forward Agreement or Additional Forward Agreement, if any), as a result of an Acceleration Event (as defined in each Forward Agreement or Additional Forward Agreement, if any) or otherwise, have been duly authorized and reserved for issuance and, when issued and delivered by the Company to each Forward Purchaser pursuant to its respective Forward Agreement or any Additional Forward Agreement against payment of the consideration set forth therein, will be duly and validly issued, will be fully paid and nonassessable and the issuance thereof will not be subject to any preemptive or similar rights; and the Shares, each Forward Agreement and each Additional Forward Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus;

(o) None of the transactions contemplated by this Agreement, the Forward Agreements or any Additional Forward Agreements (including, without limitation, the use of the proceeds from the issuance, sale and delivery of the Company Shares, if any, or the proceeds due upon settlement of the Forward Agreements or any Additional Forward Agreements, if any) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(p) The issuance, sale and delivery of any Shares, the issuance, sale and delivery of Common Stock upon settlement of each Forward Agreement or Additional Forward Agreement, if any, and the compliance by the Company with the provisions of the Forward Agreements, any Additional Forward Agreements and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Company or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or

qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, the Forward Agreements or any Additional Forward Agreements, except (i) the registration under the Act of the Shares, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Company to consummate the transactions contemplated by this Agreement;

(q) None of the Company or any of its subsidiaries is (A) in violation of the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Company, or similar organizational documents, in the case of the Company's subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Company other than the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(r) The statements set forth in the Pricing Prospectus and Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Common Stock, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations for Non-U.S. Holders", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(s) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(t) The Company is not and, as a result of and after giving effect to the offering and sale of the Shares and the application of the proceeds thereof, if any, upon settlement of the Forward Agreements or any Additional Forward Agreements, as applicable, and in connection with (i) the issuance, sale and delivery of any Company Shares pursuant to Section 4(a) and Section 13 hereof and (ii) the issuance, sale and delivery of shares of Common Stock upon settlement of the Forward Agreements or any Additional Forward Agreements, in each case, as described in the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**");

(u) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Company or any person acting on the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Shares in reliance on the exemption of Rule 163 under the Act, the Company was a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Shares, the Company was not an "ineligible issuer" as defined in Rule 405 under the Act;

(v) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(w) Except as disclosed in the Pricing Prospectus, the Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Company's internal control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting;

(x) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting;

(y) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and each of its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(z) The Company and each of its subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Company and each of its subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(aa) To the Company's knowledge, the Company and each of its subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Company or any of its subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Company and each of its subsidiaries does not infringe on the rights of any person;

(bb) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Company's or its subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Company has not been notified of, and has no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Company and its subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual

obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Company has implemented and maintains security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Company has implemented backup and disaster recovery technology consistent with industry standards and practices;

(cc) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Company or any of its subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Company is not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(dd) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(ee) The Company has not taken or will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares;

(ff) The Company is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Company as of the date hereof;

(gg) The Company and each of its subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Company or any of its subsidiaries is contesting in good faith and for which the Company or any of its subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Company or any of its subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Company and each of its subsidiaries through the fiscal year ended December 31, 2020 have been closed by statute and no assessment in connection therewith has been made against the Company or any of its subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(hh) None of the Company or any of its subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ii) The operations of the Company and each of its subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(jj) None of the Company, any of its subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is: (i) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, the non-government controlled areas of Kherson and Zaporizhzhia, Iran and North Korea), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any

subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Shares shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

3. Each Forward Seller, severally and not jointly, represents and warrants to, and agrees with each of the Underwriters and the Company that:

(a) This Agreement has been duly authorized, executed and delivered by such Forward Seller and, at each Time of Delivery (as defined below), such Forward Seller will have full right, power and authority to sell, transfer and deliver the Borrowed Shares to be sold by such Forward Seller hereunder;

(b) Each Forward Agreement has been duly authorized, executed and delivered by the respective Forward Purchaser and constitutes a valid and binding agreement of such Forward Purchaser, enforceable against the Forward Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability;

(c) Each Additional Forward Agreement (if any) has been duly authorized by the respective Forward Purchaser and, upon its execution and delivery by the respective Forward Purchaser, will constitute a valid and binding agreement of such Forward Purchaser, enforceable against the Forward Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability; and

(d) Each Forward Seller will, at the First Time of Delivery and any Optional Time of Delivery (as defined herein), have the free and unqualified right to transfer the Borrowed Firm Shares or Borrowed Optional Shares, as the case may be, to be sold by such Forward Seller hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind; and upon delivery of such Borrowed Shares and payment of the purchase price therefor as herein contemplated, assuming each of the Underwriters has no notice of any adverse claim, each of the Underwriters will have the free and unqualified right to transfer any such Borrowed Shares purchased by it from the Forward Sellers, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

4. (a) On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth:

(i) The Company (with respect to any Company Top-Up Firm Shares) and each of the Forward Sellers (with respect to the Borrowed Firm Shares), severally and not jointly, agrees to sell the Firm Shares to each of the Underwriters as provided in this Agreement, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company (with respect to any Company Top-Up Firm Shares) and each of the Forward Sellers (with respect to the Borrowed Firm Shares), at a purchase price per share of $139.657, the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto;

(ii) In the event and to the extent that the Underwriters shall exercise the option to purchase Optional Shares as provided below, the Company (with respect to any Company Top-Up Optional Shares) and each of the Forward Sellers (with respect to the Borrowed Optional Shares), severally and not jointly, agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company (with respect to any Company Top-Up Optional Shares) and each of the Forward Sellers (with respect to the Borrowed Optional Shares), at the purchase price per share set forth in Section 4(a)(i) hereof (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares), that proportion of the total number of Optional Shares then being purchased which the number of Borrowed Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter, plus any additional number of Shares that such Underwriter may become obligated to purchase pursuant to the provisions of Section 12 hereof, bears to the total number of Borrowed Firm Shares, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares;

(iii) The Company (with respect to any Company Top-Up Optional Shares) and each of the Forward Sellers (with respect to the Borrowed Optional Shares), severally and not jointly, hereby grant to the Underwriters the right to purchase at their election up to 1,056,338 Optional Shares, at the purchase price per share set forth in Section 4(a)(i) hereof (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares). Any such election to purchase Optional Shares may be exercised only by written notice from the Representatives to the Company and each of the Forward Sellers, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by the Representatives but in no event earlier

than the First Time of Delivery (as defined in Section 6(a) hereof) or, unless the Representatives, the Company and each of the Forward Purchasers and the Forward Sellers otherwise agree in writing, earlier than two or later than ten business days after the date of such notice; *provided*, that if such notice is provided prior to the First Time of Delivery, such Optional Shares shall be delivered at the First Time of Delivery;

(iv) Following the delivery of an exercise notice, the Company agrees that it will use its commercially reasonable efforts to, within one business day after such notice is given, execute and deliver to the Forward Purchasers additional letter agreements between the Company and each of the Forward Purchasers (the "**Additional Forward Agreements**") substantially in the form of Annex V hereto, relating to the forward sale by the Company, subject to the Company's right to elect Cash Settlement or Net Share Settlement (as such terms are defined in such Additional Forward Agreement), of a number of shares of Common Stock equal to the aggregate number of Optional Shares being purchased by the Underwriters from such Forward Seller pursuant to the exercise of such option. Upon the Company's execution and delivery to such Forward Purchaser of such Additional Forward Agreement, such Forward Purchaser shall promptly execute and deliver to the Company such Additional Forward Agreement, and upon such execution and delivery to the Company, on the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein stated, each of the Forward Sellers and the Company (with respect to any Company Top-Up Optional Shares), severally and not jointly, hereby agrees to sell to the several Underwriters such number of Optional Shares to be sold by such Forward Seller at the price set forth in Section 4(a)(i) hereof (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares);

(v) If the Additional Forward Agreements are not executed and delivered by the Company pursuant to Section 4(a)(iv) hereof, then, upon the basis of the warranties and representations and subject to the terms and conditions herein set forth, the Company agrees to sell to the several Underwriters the aggregate number of Optional Shares with respect to which the option is being exercised at the price set forth in Section 4(a)(i) hereof (provided that the purchase price per Optional Share shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Firm Shares but not payable on the Optional Shares);

(b) If with respect to the Borrowed Firm Shares underlying the Forward Agreements (i) any of the conditions to effectiveness set forth in Section 3 of any Forward Agreement are not satisfied on or prior to the First Time of Delivery, (ii) any of the representations and warranties of the Company contained in Section 2 or any certificate delivered pursuant hereto are not true and correct in all material respects

(or if qualified by material or Material Adverse Effect, in all respects) as of the First Time of Delivery, (iii) the Company has not performed all of the obligations required to be performed by it under this Agreement on or prior to the First Time of Delivery, or (iv) any of the conditions set forth in Section 10 hereof have not been satisfied on or prior to the First Time of Delivery (clauses (i) through (iv) of this Section 4(b), together, the "**Conditions**"), then each Forward Seller, in its sole judgment, may elect not to borrow and deliver for sale the Borrowed Firm Shares to be sold by such Forward Seller hereunder. In addition, in the event that, in the commercially reasonable judgment of the Forward Purchaser, (A) it (in its capacity as a Forward Purchaser) or its affiliated Forward Seller, as applicable, is unable to borrow and deliver for sale under this Agreement all of the Borrowed Firm Shares to be sold by such Forward Seller hereunder or (B) such Forward Purchaser or its affiliate would incur a Stock Loan Fee (as defined under the relevant Forward Agreement) of more than a rate equal to 200 basis points per annum to do so, then, in each case, such Forward Seller shall only be required to deliver for sale the aggregate number of shares of Common Stock that such Forward Seller is able to so borrow at or below such Stock Loan Fee;

(c) If the Company has entered into Additional Forward Agreements with the Forward Purchasers pursuant to Section 4(a)(iv) hereof, and (i) any of the conditions to effectiveness set forth in Section 3 of the relevant Additional Forward Agreement are not satisfied on or prior to the relevant Optional Time of Delivery, (ii) any of the representations and warranties of the Company contained in Section 2 or any certificate delivered pursuant hereto are not true and correct in all material respects (or if qualified by material or Material Adverse Effect, in all respects) as of the relevant Optional Time of Delivery, (iii) the Company has not performed all of the obligations required to be performed by it under this Agreement on or prior to the relevant Optional Time of Delivery, or (iv) any of the conditions set forth in Section 10 hereof have not been satisfied on or prior to the relevant Optional Time of Delivery (clauses (i) through (iv) of this Section 4(c), together, the "**Additional Conditions**"), then the Forward Sellers, in their sole judgment, may choose not to borrow and deliver for sale to the Underwriters on the relevant Optional Time of Delivery the Borrowed Optional Shares. In addition, in the event that, in the commercially reasonable judgment of the Forward Purchaser, (A) it or its affiliated Forward Seller is unable to borrow and deliver for sale under this Agreement all of the Borrowed Optional Shares to be sold by such Forward Seller hereunder or (B) such Forward Purchaser or its affiliate would incur a Stock Loan Fee (as defined under the relevant Additional Forward Agreement) of more than a rate equal to 200 basis points per annum to do so, then, in each case, the Forward Sellers shall only be required to deliver for sale to the Underwriters on the relevant Optional Time of Delivery the aggregate number of shares of Common Stock that the Forward Sellers are able to so borrow at or below such Stock Loan Fee;

(d) If (i) pursuant to Section 4(b) hereof, a Forward Seller does not borrow and deliver for sale to the Underwriters at the First Time of Delivery the number of Borrowed Firm Shares deliverable by such Forward Seller pursuant to this Agreement or (ii) a Forward Purchaser has entered into an Additional Forward Agreement with the Company pursuant to Section 4(a)(iv) hereof and, pursuant to Section 4(c), the

Forward Seller does not borrow and deliver for sale to the Underwriters on the relevant Optional Time of Delivery the total number of Borrowed Optional Shares otherwise deliverable by it hereunder in respect of such Optional Time of Delivery, then, in each case, such Forward Seller will use its commercially reasonable efforts to notify the Company no later than 5:00 p.m., New York City time, on the New York Business Day immediately prior to the First Time of Delivery. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

5. The Company understands that the Underwriters intend to make a public offering of the Shares, and to offer the Shares as described in the Prospectus.

6. (a) The Shares to be purchased by each Underwriter hereunder, in uncertificated form, will be deposited by or on behalf of the Forward Sellers (with respect to the Borrowed Shares) or the Company (with respect to the Company Shares) with The Depository Trust Company ("**DTC**") or its designated custodian. The Forward Sellers (with respect to the Borrowed Shares) or the Company (with respect to the Company Shares) will deliver the Shares to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Shares to the account of the Underwriters at DTC. The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on August 6, 2025 or such other time and date as the Underwriters and the Company may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by the Underwriters in each written notice given by the Representatives of the Underwriters' election to purchase such Optional Shares, or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "**First Time of Delivery**", each such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "**Optional Time of Delivery**", and each such time and date for delivery is herein called a "**Time of Delivery**".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Shares and any additional documents requested by the Underwriters pursuant to Section 10(k) hereof, will be delivered at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"), and the Shares will be delivered through the facilities of DTC, all at such Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., New York City time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto.

7. The Company agrees with each of the Underwriters, the Forward Sellers and the Forward Purchasers:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the applicable Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld or delayed); to advise the Representatives, the Forward Sellers and the Forward Purchasers, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives, the Forward Sellers and the Forward Purchasers with copies thereof; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Shares; to advise the Representatives, the Forward Sellers and the Forward Purchasers, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Shares, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Shares for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Shares by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement, any of the Shares remain unsold by the Underwriters, the Company will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Shares, in a form satisfactory to the Representatives. If at the Renewal Deadline the Company is no longer eligible to file an automatic shelf registration statement, the Company will, if it

has not already done so, file a new shelf registration statement relating to the Shares, in a form satisfactory to the Representatives and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Shares to continue as contemplated in the expired registration statement relating to the Shares. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Shares for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Shares; *provided* that in connection therewith the Company shall not be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters, the Forward Sellers and the Forward Purchasers as soon as practicable after the date of this Agreement but no later than 5:30 p.m., New York City time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Underwriters, the Forward Sellers and the Forward Purchasers may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Shares and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives, the Forward Sellers and the Forward Purchasers and upon the request of the Representatives, the Forward Sellers and the Forward Purchasers to file such document and to prepare and furnish without charge to each Underwriter, the Forward Sellers and the Forward Purchasers and to any dealer in securities as many printed and electronic copies as the Underwriters, the Forward Sellers and the Forward Purchasers may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the

Shares at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representative may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(f) During the period beginning from the date hereof and continuing to and including the date 60 days after the date of the Prospectus, not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or file with, or submit to, the Commission a registration statement under the Act relating to any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, or publicly disclose the intention to make any offer, sale, pledge, disposition, submission or filing or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, without the prior written consent of the Representatives, other than (1) the Shares to be sold hereunder, (2) any shares of Common Stock upon settlement of a Forward Agreement or Additional Forward Agreement, if any, (3) in connection with any employee or director benefit or compensation, dividend reinvestment and direct stock purchase plan or similar agreement, stock option or other incentive or stock purchase plan of the Company and its subsidiaries in effect on the date hereof and described in the Pricing Prospectus and the Prospectus, (4) any shares of Common Stock issued upon the exercise of options granted under the stock-based compensation plans of the Company and its subsidiaries, (5) any shares of Common Stock issued upon settlement of AWCC‘s 3.625% Exchangeable Senior Notes due 2026 and (6) $4 million of shares of Common Stock to be issued by the Company in connection with an acquisition;

(g) To use the net proceeds received by it from (i) the sale of the Company Shares, if any, pursuant to this Agreement and (ii) the sale of Common Stock upon settlement of the Forward Agreements or any Additional Forward Agreements, if any, in the manner specified in the Pricing Prospectus under the caption “Use of Proceeds”;

(h) To pay the required Commission filing fees relating to the Shares within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(i) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Shares (the "**License**"); *provided, however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) The Company represents and agrees that, without the prior written consent of the Representatives, it has not engaged in any oral or written communication with potential investors relating to the Shares undertaken in reliance on Rule 163B of the Act and it has not made and will not make any offer relating to the Shares that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Forward Agreements or any Additional Forward Agreements, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) all fees and expenses in connection with any listing of Company Shares and any shares issuable pursuant to the Forward Agreements or any Additional Forward Agreements on the New York Stock Exchange; (v) the cost of preparing any stock certificates; (vi) the costs and charges of any transfer agent or registrar; and (vii) all other costs and expenses incident to the performance of its obligations hereunder and under the Forward Agreements or any Additional Forward Agreements which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters to purchase the Shares at the applicable Time of Delivery and the obligations of the Forward Sellers to deliver and sell the Borrowed Shares at the applicable Time of Delivery to the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 6(a) hereof; any other material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, the Forward Sellers and the Forward Purchasers, shall have furnished to the Representatives, the Forward Sellers and the Forward Purchasers such written opinions, dated such Time of Delivery, in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives, the Forward Sellers and the Forward Purchasers their written opinion and 10b-5 statement, each dated such Time of Delivery, in the form attached as Annexes IIA and IIB hereto;

(d) Jeffrey M. Taylor, Vice President, Chief SEC Counsel and Secretary of the Company, shall have furnished to the Representatives, the Forward Sellers and the Forward Purchasers his written opinion, dated such Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at such Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Underwriters, the Forward Sellers and the Forward Purchasers a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Company or any of its subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Company or increase in consolidated long-term debt of the Company and its consolidated subsidiaries other than the issuance of up to $1.0 billion of notes by AWCC on or after the date hereof, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial condition, stockholders' equity or results of operations of the Company and its subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded AWCC's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of AWCC's debt securities;

(h) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus;

(i) The Company Shares, if any, to be issued and sold by the Company hereunder at the applicable Time of Delivery, and the shares of Common Stock reserved upon issuance upon Physical Settlement, acceleration or otherwise under the Forward Agreements or any Additional Forward Agreements shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance;

(j) The "lock-up" agreements, each substantially in the form of Annex IV hereto, between the Representatives and each of the executive officers and directors of the Company specified on Schedule I to Annex IV relating to sales and certain other dispositions of shares of Common Stock or certain other securities, delivered to the Representatives on or before the date hereof, shall be in full force and effect at such Time of Delivery; and

(k) The Company shall have furnished or caused to be furnished to the Underwriters, the Forward Sellers and the Forward Purchasers at such Time of Delivery certificates of officers of the Company reasonably satisfactory to the Representatives, the Forward Sellers and the Forward Purchasers as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of their respective obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section and as to such other matters as the Representatives, the Forward Sellers and the Forward Purchasers may reasonably request.

11. (a) The Company will indemnify and hold harmless each Underwriter, the Forward Sellers and the Forward Purchasers against any losses, claims, damages or liabilities, joint or several, to which such Underwriter, the Forward Sellers and the Forward Purchasers may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act or any "road show" (as defined in Rule 433) that does not constitute an Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter, the Forward Sellers and the Forward Purchasers for any legal or other expenses reasonably incurred by such Underwriter, the Forward Sellers and the Forward Purchasers in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Company, the Forward Sellers and the Forward Purchasers against any losses, claims, damages or liabilities, joint or several, to which the Company, the Forward Sellers and the Forward Purchasers may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary

Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Company, the Forward Sellers and the Forward Purchasers for any legal or other expenses reasonably incurred by the Company, the Forward Sellers and the Forward Purchasers in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise

or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters, the Forward Sellers and the Forward Purchasers on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriters, the Forward Sellers and the Forward Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters, the Forward Sellers and the Forward Purchasers on the other shall be deemed to be in the same proportion as (i) in the case of the Company, the total net proceeds from the offering (before deducting expenses) received by the Company (which benefits shall include the proceeds to be received by the Company pursuant to the Forward Agreements and any Additional Forward Agreements, assuming full Physical Settlement (as defined in each Forward Agreement or Additional Forward Agreement, if any) of the Forward Agreements and any Additional Forward Agreements), (ii) in the case of the Underwriters, the total underwriting discounts and commissions received by the Underwriters and (iii) in the case of the Forward Sellers and the Forward Purchasers, the aggregate Spread (as defined in each Forward Agreement or Additional Forward Agreement, if any) received by the Forward Purchasers under the Forward Agreements or any Additional Forward Agreements, bear to the aggregate offering price of the Shares. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Underwriters, the Forward Sellers and the Forward Purchasers agree that it would not be just and equitable if contributions pursuant to

this subsection (d) were determined by pro rata allocation (even if the Underwriters, the Forward Sellers and the Forward Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter, Forward Seller or Forward Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Common Stock underwritten by it and distributed to the public were offered to the public and the aggregate Spread received by the Forward Purchasers under the Forward Agreements or any Additional Forward Agreements, exceeds the amount of any damages which such Underwriter, Forward Seller or Forward Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 11 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter, the Forward Sellers and the Forward Purchasers and to each person, if any, who controls any Underwriter, Forward Seller and Forward Purchaser within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Company and to each person, if any, who controls the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter, the Representatives do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Shares on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Shares, or the Company notifies the Representatives that it has so arranged for the purchase of such Shares, the Representatives, the Forward Sellers or the Company shall have the right to postpone the applicable Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration

Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives or the Forward Sellers may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate number of Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter, the Forward Sellers, the Forward Purchasers or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 10 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. (a) In the event that (i) all the Conditions are not satisfied on the First Time of Delivery or, in respect of any Additional Forward Agreements entered into pursuant to Section 4(a)(iv), all the Additional Conditions are not satisfied on the relevant Optional Time of Delivery, as the case may be, and a Forward Seller elects, pursuant to Section 4(b) or Section 4(c) hereof, as the case may be, not to deliver the Borrowed Firm Shares or Borrowed Optional Shares, as applicable, to be sold by such Forward Seller hereunder, (ii) in the commercially reasonable judgment of a Forward Purchaser, it (in its capacity as a Forward Purchaser) or its affiliated Forward Seller, as applicable, is unable to borrow and deliver for sale pursuant to this Agreement all of the Borrowed Firm Shares or Borrowed Optional Shares, as applicable to be sold by such Forward Seller hereunder or (iii) in the commercially reasonable judgment of a Forward Purchaser, it (in its capacity as a Forward Purchaser) or its affiliated Forward Seller, as applicable would incur a Stock Loan Fee (as defined under the

relevant Forward Agreement or Additional Forward Agreement, as applicable) of more than a rate equal to 200 basis points per annum to do so, then, in each case, the Company shall issue and sell to the Underwriters, pursuant to Section 4 hereof, in whole but not in part, a number of shares of Common Stock equal to the number of Borrowed Firm Shares or Borrowed Optional Shares, as applicable, that such Forward Seller does not so deliver and sell to the Underwriters. In connection with any such issuance and sale by the Company under this Section 13(a), the Representatives shall have the right to postpone the applicable Time of Delivery for a period not exceeding one New York Business Day in order to effect any required changes in any documents or arrangements. The shares of Common Stock sold by the Company to the Underwriters pursuant to this Section 13(a) in lieu of Borrowed Firm Shares are referred to herein as the "**Company Top-Up Firm Shares**" and the shares of Common Stock sold by the Company to the Underwriters pursuant to this Section 13(a) in lieu of Borrowed Optional Shares are referred to herein as the "**Company Top-Up Optional Shares".**

(b) Each Forward Seller shall have no liability whatsoever for any Borrowed Shares that such Forward Seller does not deliver to the Underwriters if (i) any of the conditions to effectiveness set forth in Section 3 of the Forward Agreements or Section 3 of any Additional Forward Agreements, as applicable, has not been satisfied on or prior to the applicable Time of Delivery, and such Forward Seller elects, pursuant to Section 4(a)(iv) hereof, not to deliver and sell to the Underwriters the Borrowed Firm Shares or Borrowed Optional Shares, as applicable, or (ii) such Forward Seller is unable to borrow and deliver for sale pursuant to this Agreement on or prior to the applicable Time of Delivery all of the Borrowed Firm Shares or Borrowed Optional Shares, as applicable, that it is required to deliver hereunder.

14. The respective indemnities, agreements, representations, warranties and other statements of the Company, the several Underwriters and the Forward Sellers, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or the Forward Sellers or any controlling person of any Underwriter, the Forward Sellers, the Company, or any officer or director or controlling person of the Company and shall survive delivery of and payment for the Shares.

15. If for any reason, other than a default by the Underwriters in their obligation to purchase the Shares or a default by a Forward Purchaser under its respective Forward Agreement or Additional Forward Agreement, if any, any Shares are not delivered as provided herein, the Company will reimburse the Underwriters, the Forward Sellers and the Forward Purchasers through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters, the Forward Sellers and the Forward Purchasers in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

16. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

17. All statements, requests, notices and agreements hereunder shall be in writing, and may be mailed, delivered or furnished by electronic communication (including fax or e-mail) and confirmed, (1) if sent to the Underwriters to: Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, or Email: ECMOriginationPower@wellsfargo.com; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention: Equity Syndicate Desk, Fax: (212) 622-8358; or Mizuho Securities USA LLC, 1271 Avenue of the Americas, 3rd Floor, New York, New York, 10020, Attention: Equity Capital Markets, Email: us-ecm@mizuhogroup.com; (2) if sent to the Forward Sellers to: Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, or Email: ECMOriginationPower@wellsfargo.com; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention: Equity Syndicate Desk, Fax: (212) 622-8358; or Mizuho Securities USA LLC, 1271 Avenue of the Americas, 3rd Floor, New York, New York, 10020, Attention: Equity Capital Markets, Email: us-ecm@mizuhogroup.com; and (3) if sent to the Forward Purchasers to: Wells Fargo Bank, National Association, 500 West 33rd Street, New York, New York 10001, or email: CorporateDerivativeNotifications@wellsfargo.com; J.P. Morgan Chase Bank, National Association, 383 Madison Avenue, New York, New York 10179, Attention: Mr. Gaurav Maria, Managing Director with a copy to: edg_notices@jpmorgan.com; edg_ny_corporate_sales_support@jpmorgan.com and gaurav.x.maria@jpmorgan.com or Mizuho Markets Americas LLC, 1271 Avenue of the Americas, 3rd Floor, New York, New York, 10020, Attention: Equity Capital Markets, Email: us-ecm@mizuhogroup.com. All communications hereunder to the Company shall be delivered or sent by mail to the address set forth in the Registration Statement or Email to stacy.mitchell@amwater.com, Attention: Stacy A. Mitchell, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

18. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

19. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Forward Sellers, the Forward Purchasers and the Company and, to the extent provided in Sections 10 and 12 hereof, the officers and directors of the Company and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

20. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

21. The Company acknowledges and agrees that (i) each of the purchase and sale of the Company Shares, if any, pursuant to this Agreement and the issuance, sale and delivery of the Common Stock upon settlement of the Forward Agreements or Additional Forward Agreements, if any, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters or the Forward Purchasers, as applicable, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter, Forward Seller and Forward Purchaser is acting solely as a principal and not as an agent or fiduciary of the Company, (iii) none of the Underwriters, the Forward Sellers or the Forward Purchasers has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter, Forward Seller or Forward Purchaser has advised or is currently advising the Company) or any other obligation to the Company except the obligations expressly set forth in this Agreement and (iv) the Company has consulted its own legal and financial advisors to the extent they deemed appropriate. The Company agrees that it will not claim that the Underwriters, the Forward Sellers or the Forward Purchasers, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

22. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company, the Underwriters, the Forward Sellers and the Forward Purchasers, or any of them other than the Forward Agreements or Additional Forward Agreements, if any, with respect to the subject matter hereof.

23. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

24. The Company and each of the Underwriters, the Forward Sellers and the Forward Purchasers hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

25. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

26. Notwithstanding anything herein to the contrary, the Company is authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company relating to that treatment and structure, without the Underwriters, the Forward Sellers or the Forward Purchasers imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "**tax treatment**" means U.S. Federal and State income tax treatment, and "**tax structure**" is limited to any facts that may be relevant to that treatment.

27. (a) In the event that any Underwriter, Forward Seller or Forward Purchaser that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter, Forward Seller or Forward Purchaser of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter, Forward Seller or Forward Purchaser that is a Covered Entity or a BHC Act Affiliate of such Underwriter, Forward Seller or Forward Purchaser becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 27, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

[*Signature Page Follows*]

If the foregoing is in accordance with your understanding, please sign and return to the Company a counterpart hereof, and upon the acceptance hereof by each of you, in the case of the Representatives on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Forward Sellers, the Forward Purchasers and the Company.

Very truly yours,

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Underwriting Agreement*]

Accepted as of the date hereof:

On behalf of each of the Underwriters

WELLS FARGO SECURITIES, LLC

By: /s/ MICHAEL TIEDEMANN
Name: Michael Tiedemann
Title: Managing Director

MIZUHO SECURITIES USA LLC

By: /s/ JAMES J. WATTS
Name: James J. Watts
Title: Managing Director

J.P. MORGAN SECURITIES LLC

By: /s/ BOBBY WIEBE
Name: Bobby Wiebe
Title: Vice President

Accepted as of the date hereof:

WELLS FARGO SECURITIES, LLC
as a Forward Seller

By: /s/ MICHAEL TIEDEMANN
Name: Michael Tiedemann
Title: Managing Director

J.P. MORGAN SECURITIES LLC
as a Forward Seller

By: /s/ BOBBY WIEBE
Name: Bobby Wiebe
Title: Vice President

MIZUHO SECURITIES USA, LLC
as a Forward Seller

By: /s/ JAMES J. WATTS
Name: James J. Watts
Title: Managing Director

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ KEVIN BRILLHART
Name: Kevin Brillhart
Title: Managing Director

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: /s/ GAURAV MARIA
Name: Gaurav Maria
Title: Managing Director

MIZUHO MARKETS AMERICAS LLC

By: /s/ MATTHEW E. CHIAVAROLI
Name: Matthew E. Chiavaroli
Title: Authorized Signatory

Each acting in its capacity as a Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement

	Number of Borrowed Firm Shares to be Purchased from Wells Fargo Securities, LLC
Wells Fargo Securities, LLC	469,484
J.P. Morgan Securities LLC	469,484
Mizuho Securities USA LLC	469,484
BofA Securities, Inc.	199,531
RBC Capital Markets, LLC	199,531
TD Securities (USA) LLC	146,713
Truist Securities, Inc.	146,714
Huntington Securities, Inc.	70,422
Regions Securities LLC	70,422
Scotia Capital (USA) Inc.	70,422
Loop Capital Markets LLC	11,737
Roberts & Ryan, Inc.	11,737
Samuel A. Ramirez & Company, Inc.	11,737
Total	2,347,418

	Number of Borrowed Firm Shares to be Purchased from J.P. Morgan Securities LLC
Wells Fargo Securities, LLC	469,484
J.P. Morgan Securities LLC	469,484
Mizuho Securities USA LLC	469,484
BofA Securities, Inc.	199,531
RBC Capital Markets, LLC	199,531
TD Securities (USA) LLC	146,713
Truist Securities, Inc.	146,714
Huntington Securities, Inc.	70,422
Regions Securities LLC	70,422
Scotia Capital (USA) Inc.	70,422
Loop Capital Markets LLC	11,737
Roberts & Ryan, Inc.	11,737
Samuel A. Ramirez & Company, Inc.	11,737
Total	2,347,418

	Number of Borrowed Firm Shares to be Purchased from Mizuho Securities LLC
Wells Fargo Securities, LLC	469,484
J.P. Morgan Securities LLC	469,484
Mizuho Securities USA LLC	469,484
BofA Securities, Inc.	199,531
RBC Capital Markets, LLC	199,531
TD Securities (USA) LLC	146,713
Truist Securities, Inc.	146,714
Huntington Securities, Inc.	70,422
Regions Securities LLC	70,422
Scotia Capital (USA) Inc.	70,422
Loop Capital Markets LLC	11,737
Roberts & Ryan, Inc.	11,737
Samuel A. Ramirez & Company, Inc.	11,737
Total	2,347,418

Schedule II

Issuer Free Writing Prospectus Included in the Pricing Disclosure Package

Schedule III

Significant Subsidiaries of the Company

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

Schedule IV

The number of Shares and, as to each investor, the price paid by such investor.

- The initial public offering price per share of the Shares is $142.00.
- The number of Firm Shares is 7,042,254 shares.
- The maximum number of Optional Shares is 1,056,338 shares.
- The First Time of Delivery is August 6, 2025.

Annex IV

FORM OF LOCK-UP AGREEMENT

August___, 2025

Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, New York 10020

Re: American Water Works Company, Inc. — Public Offering

Ladies and Gentlemen:

The undersigned understands that Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as representatives of the Underwriters (together, the "**Underwriters**"), propose to enter into an underwriting agreement (the "**Underwriting Agreement**") with American Water Works Company, Inc., a Delaware corporation (the "**Company**"), the Forward Sellers (as defined therein) and the Forward Purchasers (as defined therein), providing for the public offering (the "**Public Offering**") by the Underwriters, of shares of common stock, par value $0.01 per share, of the Company (the "**Common Stock**"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to make the Public Offering, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of the Underwriters, the undersigned will not, during the period beginning on the date of this letter agreement (this "**Letter Agreement**") and ending 60 days after the date of the prospectus supplement relating to the Public Offering (the "**Prospectus**") (such period, the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or

warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or (3) make any demand for or exercise any right with respect to the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock, in each case other than transfers of shares of Common Stock as a bona fide gift or gifts; *provided* that in the case of any such transfer, each donee or distributee shall execute and deliver to the Underwriters a lock-up letter in the form of this paragraph; and *provided, further*, that in each such case, no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above).

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that, if the Underwriting Agreement does not become effective by August 15, 2025, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder, the undersigned shall be released from all obligations under this Letter Agreement. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of the Common Stock and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extend deemed appropriate. The undersigned further acknowledges and agrees, that the Representatives and the other Underwriters are not making a recommendation to you to enter into this Letter Agreement, and nothing set forth in such disclosures is intended to suggest that the Representative or any Underwriter is making such a recommendation.

This Letter Agreement and any claim, controversy or dispute arising under or related to this Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

_____

Name:

Karl F. Kurz
Jeffrey N. Edwards
John C. Griffith
Laurie P. Havanec
Julia L. Johnson
Patricia L. Kampling
Stuart M. McGuigan
Raffiq A. Nathoo
Michael L. Marberry
Cheryl Norton
David Bowler
Stacy A. Mitchell
Maureen Duffy
Lori Sutton
Melissa K. Wikle

Annex V

FORM OF ADDITIONAL FORWARD AGREEMENT

[ ], 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Wells Fargo Bank, National Association**
30 Hudson Yards
New York, NY 10001-2170
Email: CorporateDerivativeNotifications@wellsfargo.com

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Wells Fargo Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	[*Insert date on which the Underwriters (as such term is defined in the Underwriting Agreement) exercise their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement.*]
Effective Date:	[*Insert the Time of Delivery (as such term is defined in the Underwriting Agreement) in respect of the Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to which this Confirmation relates.*]
Base Amount:	Initially, [*Insert number of Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to be sold by the relevant Forward Seller (as such term is defined in the Underwriting Agreement) to the Underwriters (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	[*Insert Maturity Date set forth in the Base Confirmation*] (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD [*Insert purchase price per Optional Share (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on Bloomberg Screen "OBFR01 <Index> <GO>", or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	[*Insert Spread set forth in the Base Confirmation*]

Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading "Forward Price Reduction Date."
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.
Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.

Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.

Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.
Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over

the period of days as have elapsed from, and including, the Trade Date to, and including, such day) of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated [*Insert Trade Date of the Base Confirmation*] among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of [*Insert Trade Date for the Base Confirmation*] between Party A and Party B relating to a substantially identical forward transaction with respect to [*Insert number of Shares underlying the Base Confirmation*] Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any Exchange purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after [*Insert Trade Date of the Base Confirmation*] Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with [*Insert Trade Date of the Base Confirmation*] being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that

would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under

"Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than CorpEqDerivSales@wellsfargo.com or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on

account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

Notwithstanding anything to the contrary in the Agreement, all notices to Party A in connection with the Transaction are effective only upon receipt of email message to CorporateDerivativeNotifications@wellsfargo.com.

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

It is a national banking association organized or formed under the laws of the United States and is a United States resident for United States federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent) and JPMorgan Chase Bank, National Association (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on [*Insert Date of Other Base Confirmations*] (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

5. Regulatory Provisions:

U.S. QFC Stay Rules:

The parties agree that (i) to the extent that prior to the date hereof all parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement and this Confirmation, and for such purposes this the Agreement and this Confirmation shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and this Confirmation and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement and this Confirmation, and for such purposes the Agreement and this Confirmation shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement and this Confirmation, all parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and this Confirmation and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement and this Confirmation" include any related credit enhancements entered into between the parties or provided by one to the other.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation to CorporateDerivativeNotifications@wellsfargo.com.

Yours faithfully,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title: Designated Signer

[*Signature Page to Additional Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: _____
Name:
Title:

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

J.P.Morgan

[ ], 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **JPMorgan Chase Bank, National Association**
New York Branch
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A's ultimate parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

   Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	JPMorgan Chase Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	[*Insert date on which the Underwriters (as such term is defined in the Underwriting Agreement) exercise their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement.*]
Effective Date:	[*Insert the Time of Delivery (as such term is defined in the Underwriting Agreement) in respect of the Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to which this Confirmation relates.*]
Base Amount:	Initially, [*Insert number of Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to be sold by the relevant Forward Seller (as such term is defined in the Underwriting Agreement) to the Underwriters (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	[*Insert Maturity Date set forth in the Base Confirmation*] (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD [*Insert purchase price per Optional Share (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on Bloomberg Screen "OBFR01 <Index> <GO>", or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	[*Insert Spread set forth in the Base Confirmation*]
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading "Forward Price Reduction Date."

Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.
Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.

Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.

Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.
Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over

the period of days as have elapsed from, and including, the Trade Date to, and including, such day) borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated [*Insert Trade Date of the Base Confirmation*] among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of [*Insert Trade Date for the Base Confirmation*] between Party A and Party B relating to a substantially identical forward transaction with respect to [*Insert number of Shares underlying the Base Confirmation*] Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any Transactions or purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after [*Insert Trade Date of the Base Confirmation*] Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with [*Insert Trade Date of the Base Confirmation*] being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that

would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under

"Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any EDG Personnel. "EDG Personnel" means any employee on the trading side of the Equity Derivatives Group of J.P. Morgan Securities LLC and does not include Mr. David Aidelson, Mr. Elliot Chalom, Mr. Noah L. Wynkoop, Ms. Yana Chernobilsky, Mr. Ganaraj S. Hegde, and Mr. Gaurav Maria (or any other person or persons designated from time to time by the Compliance Group of Party A). For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount

in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: JPMorgan Chase Bank, National Association
EDG Marketing Support
Email: edg_notices@jpmorgan.com;
edg_ny_corporate_sales_support@jpmorgan.com

With a copy to:

Attention: Mr. Gaurav Maria
Title: Managing Director
Telephone No: 212-622-6196
Email: gaurav.x.maria@jpmorgan.com

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a national banking association organized and existing under the laws of the United States of America and is an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Wells Fargo Bank, National Association and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent) (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on [*Insert Date of Other Base Confirmations*] (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the

Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Communications with Employees of J.P. Morgan Securities LLC:

If Party B interacts with any employee of J.P. Morgan Securities LLC with respect to the Transaction, Party B is hereby notified that such employee will act solely as an authorized representative of JPMorgan Chase Bank, N.A. (and not as a representative of J.P. Morgan Securities LLC) in connection with the Transaction.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties acknowledge and agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement, the J.P. Morgan entity that is a party to the Agreement ("J.P. Morgan") shall be deemed a Regulated Entity and the other entity that is a party to the Agreement ("Counterparty") shall be deemed an Adhering Party; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Covered Agreement, J.P. Morgan shall be deemed a Covered Entity and Counterparty shall be deemed a Counterparty Entity; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by the International Swaps and Derivatives Association, Inc. on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," J.P. Morgan shall be deemed a "Covered Entity" and Counterparty shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to J.P. Morgan replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

[*Signature Page to Additional Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: _____
Name:
Title:

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

Mizuho Americas
1271 Avenue of the Americas
New York, NY 10020
t: +1 212 282 3000

[ ], 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Mizuho Markets Americas LLC**
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A (with Mizuho Securities USA LLC, acting as agent (in such capacity, the "Agent")) and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

Party A is acting as principal hereunder and Agent, its affiliate, is acting as agent for Party A and Party B hereunder. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Exchange Act (as defined below). Party A is not a member of the Securities Investor Protection Corporation.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Mizuho Markets Americas LLC
Party B:	American Water Works Company, Inc.
Trade Date:	[*Insert date on which the Underwriters (as such term is defined in the Underwriting Agreement) exercise their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement.*]
Effective Date:	[*Insert the Time of Delivery (as such term is defined in the Underwriting Agreement) in respect of the Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to which this Confirmation relates.*]
Base Amount:	Initially, [*Insert number of Borrowed Optional Shares (as such term is defined in the Underwriting Agreement) to be sold by the relevant Forward Seller (as such term is defined in the Underwriting Agreement) to the Underwriters (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	[*Insert Maturity Date set forth in the Base Confirmation*] (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD [*Insert purchase price per Optional Share (as such term is defined in the Underwriting Agreement) pursuant to Section 4(a)(iii) of the Underwriting Agreement*] per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on Bloomberg Screen “OBFR01 <Index> <GO>”, or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.

Spread:	[*Insert Spread set forth in the Base Confirmation*]
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading "Forward Price Reduction Date."
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.
Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates.

	For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.

Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.

Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.

Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated [*Insert Trade Date of the Base Confirmation*] among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of [*Insert Trade Date for the Base Confirmation*] between Party A and Party B relating to a substantially identical forward transaction with respect to [*Insert number of Shares underlying the Base Confirmation*] Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after [*Insert Trade Date of the Base Confirmation*] Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with [*Insert Trade Date of the Base Confirmation*] being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in

its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by

Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under "Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than Mariano Gaut, Saurabh Mehta, Michael Ripp, James Watts, Robert Han, Matthew Chiavaroli or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in

respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: Mariano Gaut, Managing Director
Telephone: (212) 205-7608
Email: mariano.gaut@mizuhogroup.com

With a copy to:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: US Equity Derivative Notices
Telephone: (646) 949-9531
Email: Derivs-EQNoticesUS@mizuhogroup.com

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a U.S. limited liability company organized under the laws of the State of Delaware.

(B) For U.S. federal income tax purposes, it is a disregarded entity of Mizuho Americas LLC, a limited liability company organized under the laws of the State of Delaware. For U.S. federal income tax purposes, Mizuho Americas LLC has elected to be classified as a corporation.

(C) Mizuho Americas LLC is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Wells Fargo Bank, National Association and JPMorgan Chase Bank, National Association (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on [*Insert Date of Other Base Confirmations*] (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Parent Guarantee of Party A:

Mizuho Bank, Ltd. ("Parent"), a banking corporation organized and existing under the laws of Japan, shall fully and unconditionally guarantee all obligations of Party A under this Confirmation and shall execute a guarantee in favor of Party B in a form previously provided to Party B and consistent with parent guarantees customarily provided in respect of Party A's obligations no later than the fifth Exchange Business Day following the Trade Date. Such guarantee shall be a Credit Support Document with respect to Party A and Parent shall be a Credit Support Provider with respect to Party A.

Additional Provisions:

(a) Matters Related to Agent.

(i) Agent has received or will receive other remuneration from Party A in relation to the Transaction. The amount and source of such other remuneration will be furnished upon written request.

(ii) Party B understands and agrees that Agent will act as agent for both parties with respect to the Transaction and has no obligation, by way of issuance, endorsement, guarantee or otherwise with respect to the performance of either party under the Transaction. Agent shall have no responsibility or personal liability to Party B arising from any failure by Party A to pay or perform any obligations hereunder or to monitor or enforce compliance by Party A or Party B with any obligation hereunder. Agent is so acting solely in its capacity as agent for Party B and Party A pursuant to instructions from Party B and Party A. Each of Party A and Party B agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of the Transaction.

(b) Notices.

(i) Notwithstanding any provisions of the Agreement, all communications relating to the Transaction or the Agreement shall be transmitted exclusively through Agent at the address provided under "Miscellaneous" in Section 4 above.

(ii) Party A hereby provides notice that the Securities Investor Protection Act of 1970 does not protect Party B and Party A is not a member of the Securities Investor Protection Corporation.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and, a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to Party A replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

MIZUHO MARKETS AMERICAS LLC

By: _____
Name:
Title: Authorized Signatory

MIZUHO SECURITIES USA LLC
Acting solely as Agent in connection with this Confirmation

By: _____
Name:
Title: Authorized Signatory

[*Signature Page to Additional Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: _____
Name:
Title:

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

Morgan Lewis

August 6, 2025

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation (the "Company"), in connection with the offering of 7,042,254 shares of common stock, par value $0.01 per share, of the Company ("Common Stock").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration No. 333-277166) (the "Registration Statement"), which Registration Statement was filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated August 4, 2025 (the "Prospectus Supplement") relating to the Common Stock, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Underwriting Agreement, dated August 4, 2025 (the "Underwriting Agreement"), by and among the Company, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the representatives of the underwriters named therein, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the forward sellers, and Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent), as the forward purchasers (the "Forward Purchasers"); (4) the "Forward Sale Agreements" meaning (i) the forward sale agreement, dated August 4, 2025, by and between the Company and Wells Fargo Bank, National Association, (ii) the forward sale agreement, dated August 4, 2025, by and among the Company and JPMorgan Chase Bank, National Association, and (iii) the forward sale agreement, dated August 4, 2025, by and among the Company and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent); (5) the restated certificate of incorporation of the Company; (6) the amended and restated bylaws of the Company; and (7) such other corporate records, certificates and other documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that any shares of Common Stock that may be issued and delivered to the relevant Forward Purchaser by the Company pursuant to such relevant Forward Sale Agreement, when issued and delivered by the Company against payment of the consideration set forth therein, will be validly issued, fully paid and non-assessable.

Morgan, Lewis & Bockius LLP

101 Park Avenue
New York, NY 10178-0060 T +1.215.309.6000
United States F +1.215.309.6001

In rendering the foregoing opinion, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of the documents submitted to us as originals, the conformity with the originals of all documents submitted to us as certified, facsimile or photostatic copies and the authenticity of the originals of all documents submitted to us as copies.

We hereby consent to the reference to us under the heading “Legal Matters” in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading “Legal Matters” in the Base Prospectus, and to the filing of this opinion as an exhibit to the Company’s Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

August 4, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Wells Fargo Bank, National Association**
30 Hudson Yards
New York, NY 10001-2170
Email: CorporateDerivativeNotifications@wellsfargo.com

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Wells Fargo Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	August 5, 2025
Effective Date:	August 6, 2025
Base Amount:	Initially, 2,347,418 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on Bloomberg Screen “OBFR01 <Index> <GO>”, or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading “Forward Price Reduction Date.”
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the “Issuer”) (Exchange identifier: “AWK”).

Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.
Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.

Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."

Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period, only those Exchange Business Days that constitute Overlap Observation Days shall be included

in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.

Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.
Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated the date hereof among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the Base Amount and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after the Trade Date Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with the Trade Date being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B,

result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (X) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under "Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than CorpEqDerivSales@wellsfargo.com or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

Notwithstanding anything to the contrary in the Agreement, all notices to Party A in connection with the Transaction are effective only upon receipt of email message to CorporateDerivativeNotifications@wellsfargo.com.

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the

parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

It is a national banking association organized or formed under the laws of the United States and is a United States resident for United States federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof with two other forward purchasers (the "Other Forward Counterparties") and may enter into additional forward transactions with such Other Forward Counterparties as contemplated by the Underwriting Agreement in connection with the exercise by the Underwriters (as such term is defined in the Underwriting Agreement) of their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) (any such forward transactions with such other forward purchasers, the "Other Forwards"). Party A and Party B agree that if Party B designates a Settlement Date with respect to any Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

5. Regulatory Provisions:

U.S. QFC Stay Rules:

The parties agree that (i) to the extent that prior to the date hereof all parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement and this Confirmation, and for such purposes this the Agreement and this Confirmation shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as

Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and this Confirmation and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement and this Confirmation, and for such purposes the Agreement and this Confirmation shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement and this Confirmation, all parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and this Confirmation and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement and this Confirmation" include any related credit enhancements entered into between the parties or provided by one to the other.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation to CorporateDerivativeNotifications@wellsfargo.com.

Yours faithfully,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ CATHLEEN BURKE
Name: Cathleen Burke
Title: Designated Signer

[*Signature Page to Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Base Confirmation*]

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

Exhibit 10.2

J.P.Morgan

August 4, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **JPMorgan Chase Bank, National Association**
New York Branch
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A's ultimate parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

   Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	JPMorgan Chase Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	August 5, 2025
Effective Date:	August 6, 2025
Base Amount:	Initially, 2,347,418 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on Bloomberg Screen "OBFR01 <Index> <GO>", or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading "Forward Price Reduction Date."
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.

Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.
Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.

Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.

Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period, only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is (i) a positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.
Adjustments:	
Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction.

Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (in each case, by Party B) shall not be considered to be a Potential Adjustment Event:

(i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and

(ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and

(iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans;

(iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and

(v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program.

Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event:

(i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8;

(ii) Issuances of Shares in connection with the exchange of exchangeable notes; and

(iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.

Method of Adjustment: Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.

Additional Adjustment: If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated the date hereof among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the Base Amount and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after the Trade Date Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with the Trade Date being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B,

result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under "Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any EDG Personnel. "EDG Personnel" means any employee on the trading side of the Equity Derivatives Group of J.P. Morgan Securities LLC and does not include Mr. David Aidelson, Mr. Elliot Chalom, Mr. Noah L. Wynkoop, Ms. Yana Chernobilsky, Mr. Ganaraj S. Hegde, and Mr. Gaurav Maria (or any other person or persons designated from time to time by the Compliance Group of Party A). For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below).

Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: JPMorgan Chase Bank, National Association
EDG Marketing Support
Email: edg_notices@jpmorgan.com;
edg_ny_corporate_sales_support@jpmorgan.com

With a copy to:

Attention: Mr. Gaurav Maria
Title: Managing Director
Telephone No: 212-622-6196
Email: gaurav.x.maria@jpmorgan.com

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this

Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a national banking association organized and existing under the laws of the United States of America and is an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code,

or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof with two other forward purchasers (the "Other Forward Counterparties") and may enter into additional forward transactions with such Other Forward Counterparties as contemplated by the Underwriting Agreement in connection with the exercise by the Underwriters (as such term is defined in the Underwriting Agreement) of their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) (any such forward transactions with such other forward purchasers, the "Other Forwards"). Party A and Party B agree that if Party B designates a Settlement Date with respect to any Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Communications with Employees of J.P. Morgan Securities LLC:

If Party B interacts with any employee of J.P. Morgan Securities LLC with respect to the Transaction, Party B is hereby notified that such employee will act solely as an authorized representative of JPMorgan Chase Bank, N.A. (and not as a representative of J.P. Morgan Securities LLC) in connection with the Transaction.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties acknowledge and agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement, the J.P. Morgan entity that is a party to the Agreement ("J.P. Morgan") shall be deemed a Regulated Entity and the other entity that is a party to the Agreement ("Counterparty") shall be deemed an Adhering Party; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Covered Agreement, J.P. Morgan shall be deemed a Covered Entity and Counterparty shall be deemed a Counterparty Entity; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by the International Swaps and Derivatives Association, Inc. on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," J.P. Morgan shall be deemed a "Covered Entity" and Counterparty shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to J.P. Morgan replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: /s/ GAURAV MARIA
Name: Gaurav Maria
Title: Managing Director

[*Signature Page to Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

Mizuho Americas
1271 Avenue of the Americas
New York, NY 10020
t: +1 212 282 3000

August 4, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Mizuho Markets Americas LLC**
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A (with Mizuho Securities USA LLC, acting as agent (in such capacity, the "Agent")) and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

Party A is acting as principal hereunder and Agent, its affiliate, is acting as agent for Party A and Party B hereunder. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Exchange Act (as defined below). Party A is not a member of the Securities Investor Protection Corporation.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Mizuho Markets Americas LLC
Party B:	American Water Works Company, Inc.
Trade Date:	August 5, 2025
Effective Date:	August 6, 2025
Base Amount:	Initially, 2,347,418 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on Bloomberg Screen “OBFR01 <Index> <GO>”, or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading “Forward Price Reduction Date.”

Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date in Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.
Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B

	substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.

Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period, only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events: The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.

Tender Offer: Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".

Potential Adjustment Event: The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction.

Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event:

(i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and

(ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and

(iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans;

(iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and

(v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program.

Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event:

(i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8;

(ii) Issuances of Shares in connection with the exchange of exchangeable notes; and

(iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.

Method of Adjustment: Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.

Additional Adjustment: If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over

the period of days as have elapsed from, and including, the Trade Date to, and including, such day) borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated the date hereof among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the Base Amount and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after the Trade Date Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with the Trade Date being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that

would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under

"Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than Mariano Gaut, Saurabh Mehta, Michael Ripp, James Watts, Robert Han, Matthew Chiavaroli or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or

transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: Mariano Gaut, Managing Director
Telephone: (212) 205-7608
Email: mariano.gaut@mizuhogroup.com

With a copy to:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: US Equity Derivative Notices
Telephone: (646) 949-9531
Email: Derivs-EQNoticesUS@mizuhogroup.com

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a U.S. limited liability company organized under the laws of the State of Delaware.

(B) For U.S. federal income tax purposes, it is a disregarded entity of Mizuho Americas LLC, a limited liability company organized under the laws of the State of Delaware. For U.S. federal income tax purposes, Mizuho Americas LLC has elected to be classified as a corporation.

(C) Mizuho Americas LLC is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof with two other forward purchasers (the "Other Forward Counterparties") and may enter into additional forward transactions with such Other Forward Counterparties as contemplated by the Underwriting Agreement in connection with the exercise by the Underwriters (as such term is defined in the Underwriting Agreement) of their option to purchase Optional Shares (as such term is defined in the Underwriting Agreement) (any such forward transactions with such other forward purchasers, the "Other

Forwards"). Party A and Party B agree that if Party B designates a Settlement Date with respect to any Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Parent Guarantee of Party A:

Mizuho Bank, Ltd. ("Parent"), a banking corporation organized and existing under the laws of Japan, shall fully and unconditionally guarantee all obligations of Party A under this Confirmation and shall execute a guarantee in favor of Party B in a form previously provided to Party B and consistent with parent guarantees customarily provided in respect of Party A's obligations no later than the fifth Exchange Business Day following the Trade Date. Such guarantee shall be a Credit Support Document with respect to Party A and Parent shall be a Credit Support Provider with respect to Party A.

Additional Provisions:

(a) Matters Related to Agent.

(i) Agent has received or will receive other remuneration from Party A in relation to the Transaction. The amount and source of such other remuneration will be furnished upon written request.

(ii) Party B understands and agrees that Agent will act as agent for both parties with respect to the Transaction and has no obligation, by way of issuance, endorsement, guarantee or otherwise with respect to the performance of either party under the Transaction. Agent shall have no responsibility or personal liability to Party B arising from any failure by Party A to pay or perform any obligations hereunder or to monitor or enforce compliance by Party A or Party B with any obligation hereunder. Agent is so acting solely in its capacity as agent for Party B and Party A pursuant to instructions from Party B and Party A. Each of Party A and Party B agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of the Transaction.

(b) Notices.

(i) Notwithstanding any provisions of the Agreement, all communications relating to the Transaction or the Agreement shall be transmitted exclusively through Agent at the address provided under "Miscellaneous" in Section 4 above.

(ii) Party A hereby provides notice that the Securities Investor Protection Act of 1970 does not protect Party B and Party A is not a member of the Securities Investor Protection Corporation.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and, a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to Party A replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

MIZUHO MARKETS AMERICAS LLC

By: /s/ MATTHEW E. CHIAVAROLI
Name: Matthew E. Chiavaroli
Title: Authorized Signatory

MIZUHO SECURITIES USA LLC
Acting solely as Agent in connection with this Confirmation

By: /s/ JAMES J. WATTS
Name: James J. Watts
Title: Authorized Signatory

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 6, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

On August 7, 2025, American Water Works Company, Inc. ("American Water") entered into an additional forward sale agreement (each an "Additional Forward Sale Agreement," and, collectively, the "Additional Forward Sale Agreements") with each of Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent) (each, a "Forward Purchaser"), relating to an aggregate of 1,056,338 shares (the "Borrowed Optional Shares") of American Water's common stock, par value $0.01 per share ("Common Stock").

On August 7, 2025, the Forward Sellers (as defined below) borrowed from third parties the Borrowed Optional Shares and the Forward Sellers sold the Borrowed Optional Shares in connection with the Additional Forward Sale Agreements to the underwriters named in the Equity Underwriting Agreement referred to under Item 8.01 below, for whom Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, are acting as representatives.

The Additional Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at American Water's discretion on or prior to December 31, 2026. On a settlement date or dates, if American Water elects to physically settle one or more Additional Forward Sale Agreements, American Water will issue shares of Common Stock to the relevant Forward Purchaser at the then-applicable forward sale price. The forward sale price under the Additional Forward Sale Agreements is initially $139.657 per share, which is equal to the price to public per share less an underwriting discount reflected in the Equity Underwriting Agreement. Each Additional Forward Sale Agreement provides that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the overnight bank funding rate less a spread, and will be subject to decrease on each of certain dates specified in such Additional Forward Sale Agreement by amounts related to expected dividends on shares of Common Stock during the term of such Additional Forward Sale Agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a reduction of the forward sale price for such day.

Each Additional Forward Sale Agreement will be physically settled unless American Water elects to settle such Additional Forward Sale Agreement in cash or to net share settle such Additional Forward Sale Agreement (which American Water has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Additional Forward Sale Agreements). American Water estimates that it will receive net proceeds of approximately $147.5 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Additional Forward Sale Agreements, in the event of full physical settlement of all of the Additional Forward Sale Agreements. If American Water elects cash settlement or net share settlement for all or a portion of the shares of Common Stock underlying the relevant Additional Forward Sale Agreement, American Water would expect such Forward Purchaser or one of its affiliates to purchase a number of shares of Common Stock corresponding to the portion for which American Water elects cash settlement or net share settlement in order to satisfy its or its affiliate's obligation to return the shares of Common Stock such Forward Purchaser had borrowed in connection with sales of Common Stock and, if applicable in connection with net share settlement, to deliver shares of Common Stock to American Water. If the market value of Common Stock at the time of such purchase is above the applicable forward sale price at that time, American Water will pay or deliver, as the case may be, to the relevant Forward Purchaser under such Additional Forward Sale Agreement, an amount in cash, or a number of shares of Common Stock with a market value, equal to such difference multiplied by the number of shares of Common Stock underlying the relevant Additional Forward Sale Agreement subject to cash settlement or net share settlement, as the case may be. Conversely, if the market value of Common Stock at the time of such purchase is below the applicable forward sale price at that time, such Forward Purchaser will pay or deliver, as the case may be, to American Water under the relevant Additional Forward Sale Agreement, an amount in cash, or a number of shares of Common Stock with a market value, equal to such difference multiplied by the number of shares of Common Stock underlying the relevant Additional Forward Sale Agreement subject to cash settlement or net share settlement, as the case may be. American Water intends to use any net cash proceeds that it may receive upon a settlement of an Additional Forward Sale Agreement for general corporate purposes.

Each Forward Purchaser will have the right to accelerate each Additional Forward Sale Agreement to which it is a party (or, in certain cases, the portion thereof that such Forward Purchaser determines is affected by the relevant event) and require American Water to physically settle such Additional Forward Sale Agreement on a date specified

by such Forward Purchaser if (i) in the good faith, commercially reasonable judgment of such Forward Purchaser, it or its affiliate is unable to borrow a number of shares of Common Stock equal to the number of shares to be delivered by American Water upon physical settlement of such Additional Forward Sale Agreement or such Forward Purchaser or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate; (ii) American Water declares any dividend or distribution on shares of Common Stock payable in (a) cash in excess of a specified amount (other than an extraordinary dividend), (b) securities of another company, or (c) any other type of securities (other than Common Stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such Forward Purchaser; (iii) certain ownership thresholds applicable to such Forward Purchaser are exceeded; (iv) an event is announced that, if consummated, would result in an extraordinary event (as defined in such Additional Forward Sale Agreement) including, among other things, certain mergers and tender offers, as well as certain events such as a delisting of the Common Stock (each as more fully described in the Additional Forward Sale Agreements); or (v) certain other events of default or termination events occur, including, among other things, any material misrepresentation made by American Water in connection with American Water's entry into such Additional Forward Sale Agreement, American Water's bankruptcy (except in certain circumstances described in the Additional Forward Sale Agreements) or certain changes in law (each as more fully described in the Additional Forward Sale Agreements).

The foregoing description of the Additional Forward Sale Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of each such Additional Forward Sale Agreement, which has been filed as Exhibit 10.1, Exhibit 10.2, and Exhibit 10.3 hereto, respectively, and each of which is incorporated by reference herein in response to this Item 1.01.

Item 8.01. Other Events.

Equity Option Closing

As previously disclosed in American Water's Current Report on Form 8-K filed on August 6, 2025, on August 4, 2025, American Water entered into an underwriting agreement (the "Equity Underwriting Agreement") with Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the representatives of the underwriters named therein (the "Equity Underwriters"), Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the forward sellers (each, a "Forward Seller"), and each of the Forward Purchasers, related to the public offering and sale of an aggregate of 7,042,254 shares of Common Stock.

Under the terms of the Equity Underwriting Agreement, American Water granted the Equity Underwriters a 30-day option (the "Equity Option") to purchase the Borrowed Optional Shares. On August 7, 2025, the Equity Underwriters exercised the Equity Option in full with respect to the Borrowed Optional Shares, and in connection therewith, on August 7, 2025, American Water entered into the Additional Forward Sale Agreements, each as described in Item 1.01 above, relating to the Borrowed Optional Shares. On August 8, 2025, American Water closed the offering and sale of the Borrowed Optional Shares.

The Borrowed Optional Shares were registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement on Form S-3 (File No. 333-277166).

This Current Report on Form 8-K is being filed, in part, to report the closing of the offering of the Borrowed Optional Shares and the sale of the Borrowed Optional Shares, and to include, as exhibits, certain documents executed in connection with such registered public offering and sale.

Closing of Offering of American Water Capital Corp. Senior Notes

On August 6, 2025, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water, agreed to sell $900 million aggregate principal amount of its 5.700% Senior Notes due 2055 (the "Notes") pursuant to an underwriting agreement, dated August 6, 2025, by and among AWCC and American Water, and U.S. Bancorp Investments, Inc., J.P. Morgan Securities LLC and PNC Capital Markets LLC, as representatives of the several underwriters named therein. The Notes have the benefit of a support agreement, dated June 22, 2000 and amended as of July 26, 2000, from American Water (the "Support Agreement").

The Notes and the obligations of American Water represented by the Support Agreement were registered under the Securities Act pursuant to a Registration Statement on Form S-3 (File Nos. 333-277166-01 and 333-277166). At the closing of this offering, on August 8, 2025, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887.2 million. AWCC intends to use the net proceeds of the offering (1) to lend funds to American Water and its subsidiaries in its Regulated Businesses segment (which is comprised of utilities that provide water and wastewater services and are generally subject to regulation by state utility commissions or other entities engaged in utility regulation); (2) to repay commercial paper obligations of AWCC; and (3) for general corporate purposes.

The Notes were issued pursuant to the Indenture, dated as of December 4, 2009, by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as supplemented by an officers' certificate establishing the terms of the Notes.

This Current Report on Form 8-K is being filed, in part, to report the closing of the offering of the Notes and to include, as exhibits, certain documents executed in connection with such registered public offering and sale.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements in this Current Report on Form 8-K, including, without limitation, with respect to the future settlement of the Additional Forward Sale Agreements, adjustments to the forward sale price, and the amount of and intended use of net proceeds from any settlement of the Additional Forward Sale Agreements, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results of levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of American Water's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; American Water's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with American Water's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage

the expansion of its businesses; exposure or infiltration of American Water's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; American Water's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in American Water's capital requirements; American Water's ability to control operating expenses and to achieve operating efficiencies, and American Water's ability to create, maintain and promote initiatives and programs that support the affordability of its regulated utility services; the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or the water provided to its customers; American Water's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in American Water's business operations; American Water's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation its ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; American Water's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: (i) the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; (ii) the various impacts and effects of (a) compliance, or attempted compliance with, the terms and conditions of the acquisition agreement, and/or (b) the completion of or, or actions taken by American Water to complete, the acquisition, on American Water's operations, strategy, guidance, expectations and plans with respect to its regulated businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and (iii) any requirement by American Water to pay a termination fee in the event the closing does not occur; risks and uncertainties following the completion of the sale of American Water's former Homeowner Services Group business, including: American Water's ability to receive amounts due, payable and owing under the amended secured seller note when due; and its ability to redeploy successfully and timely the net proceeds of such transaction into its regulated businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of American Water's operations; American Water's ability to successfully develop and implement new technologies and to protect related intellectual property; American Water's ability to maintain safe work sites; American Water's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; the inability of the Forward Purchasers (or their affiliates) to perform their obligations under the Additional Forward Sale Agreements and other disruptions or other changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and American Water's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of American Water or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to American Water or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect American Water's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations

(including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or American Water's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of its service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of American Water's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of its California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for American Water, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to American Water's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; American Water's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in American Water's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date of this press release. American Water does not have any obligation, and specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The factors set forth above in this press release should not be construed as exhaustive.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated August 6, 2025, by and among AWCC, American Water, U.S. Bancorp Investments, Inc., J.P. Morgan Securities LLC and PNC Capital Markets LLC, as representatives of the several underwriters named therein with respect to the Notes.
4.1*	Officers' Certificate of AWCC, dated August 8, 2025, establishing the terms of the Notes.
5.1*	Opinion of Morgan, Lewis & Bockius LLP with respect to the Borrowed Optional Shares.
5.2*	Opinion of Morgan, Lewis & Bockius LLP with respect to the Notes.
10.1*	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser.
10.2*	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser.
10.3*	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
23.2*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.2).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 8, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

$900,000,000 5.700% Senior Notes due 2055

Support Agreement from American Water Works Company, Inc.

Underwriting Agreement

August 6, 2025

U.S. Bancorp Investments, Inc.
J.P. Morgan Securities LLC
PNC Capital Markets LLC
As representatives of the several Underwriters
named in Schedule I hereto

c/o U.S. Bancorp Investments, Inc.
214 North Tryon Street, 26th Floor
Charlotte, NC 28202-1078

c/o J.P. Morgan Securities LLC
277 Park Avenue
New York, NY 10172

c/o PNC Capital Markets LLC
300 Fifth Avenue, 10th Floor
Pittsburgh, PA 15222

Ladies and Gentlemen:

1. American Water Capital Corp., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, an aggregate of $900,000,000 principal amount of the Company's 5.700% Senior Notes due 2055 (the "**Securities**").

2. The Company previously entered into a support agreement with American Water Works Company, Inc., a Delaware corporation (the "**Parent**"), dated June 22, 2000 and amended as of July 26, 2000 (as such agreement may be hereinafter amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, the "**Support Agreement**"). Pursuant to the Support Agreement, the Parent has agreed, among other things, to provide funds to the Company if it is unable to make timely payment of principal of and premium, if any, and interest on Debt (as defined in the Support Agreement) issued by the Company.

3. The Company and the Parent, jointly and severally, represent and warrant to, and agree with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Securities has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Parent's or the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Parent or the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"); any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 3(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Registration Statement, the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of this Agreement or as of the date of such prospectus; any reference to any amendment or supplement to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as

amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of this Agreement (with respect to the Registration Statement), the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 3:35 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Parent, the Company and the Parent's other subsidiaries, taken as a whole (a "**Material**

Adverse Effect"); and (B) no labor dispute with the employees of the Parent, the Company or any of the Parent's other subsidiaries exists or, to the knowledge of the Company or the Parent, is imminent, which could reasonably be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs or management, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(h) The Parent, the Company and each of the Parent's other subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Parent, the Company and each of the Parent's other subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Parent, the Company and each of the Parent's other subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Parent, the Company and each of the Parent's other subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(i) Each of the Parent and the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Parent listed on Schedule IV hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(j) All of the issued shares of capital stock of the Parent and the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Parent, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(k) This Agreement has been duly authorized, executed and delivered by each of the Company and the Parent; the Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture, dated as of December 4, 2009 (the "**Indenture**"), between the Company and Computershare Trust Company, N.A., as successor trustee (the "**Trustee**"), under which they are to be issued; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Support Agreement has been duly authorized, executed and delivered by the Parent and the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Support Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus and will be in substantially the form previously delivered to you;

(l) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(m) The issue and sale of the Securities and the compliance by the Parent and the Company with all of the provisions of the Securities, the Indenture, the Support Agreement and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other

agreement or instrument to which the Parent, the Company or any of the Parent's other subsidiaries is a party or by which the Parent, the Company or any of the Parent's other subsidiaries is bound or to which any of the property or assets of the Parent, the Company or any of the Parent's other subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Certificate of Incorporation or the By-laws, as amended, of the Company or the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Parent or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Parent, the Company or any of the Parent's other subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Parent or the Company of the transactions contemplated by this Agreement, the Indenture, or the Support Agreement, except (i) the registration under the Act of the Securities, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement;

(n) None of the Parent, the Company or any of the Parent's other subsidiaries is (A) in violation of the Certificate of Incorporation or the By-laws, as amended, in the case of the Company, or the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Parent, or similar organizational documents, in the case of the Parent's other subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Parent other than the Company and the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(o) The statements set forth in the Pricing Prospectus and Prospectus under the captions "Description of the Notes" and "Description of AWCC Debt Securities and American Water Support Agreement", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(p) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Parent, the Company or any of the Parent's other subsidiaries is a party or of which any property of the Parent, the Company or any of the Parent's other subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Parent's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(q) Neither the Parent nor the Company is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof will be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(r) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Parent or the Company or any person acting on the Parent's or the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Parent and the Company were each a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Parent or the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, neither the Parent nor the Company was an "ineligible issuer" as defined in Rule 405 under the Act;

(s) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Parent and its subsidiaries, is an independent registered public accounting firm with respect to the Parent and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(t) Except as disclosed in the Pricing Prospectus, the Parent maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Parent's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Parent's internal control over financial reporting is effective and the Parent is not aware of any material weaknesses in its internal control over financial reporting;

(u) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Parent's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Parent's internal control over financial reporting;

(v) The Parent maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Parent, the Company and each of the Parent's other subsidiaries is made known to the Parent's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(w) The Parent, the Company and each of the Parent's other subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Parent, the Company and each of the Parent's other subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(x) To the Parent's and the Company's knowledge, the Parent, the Company and each of the Parent's other subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs, technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their businesses as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Parent, the Company or any of the Parent's other subsidiaries has received any notice of

infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Parent's and the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Parent, the Company and each of the Parent's other subsidiaries does not infringe on the rights of any person;

(y) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Parent's, the Company's or the Parent's other subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Parent and the Company have not been notified of, and have no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Parent, the Company and the Parent's other subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Parent and the Company have implemented and maintain security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Parent and the Company have implemented backup and disaster recovery technology consistent with industry standards and practices;

(z) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Parent, the Company or any of the Parent's other subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real property which, to the Parent's or the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Parent's or the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Parent and the Company are not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(aa) The Parent, the Company and each of the Parent's other subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Parent, the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Parent, the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(bb) Neither the Parent nor the Company has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

(cc) The Parent is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Parent as of the date hereof;

(dd) The Parent, the Company and each of the Parent's other subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Parent, the Company or any of the Parent's other subsidiaries is contesting in good faith and for which the Parent, the Company or any of the Parent's other subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Parent, the Company and each of the Parent's other subsidiaries through the fiscal year ended December 31, 2020 have been closed by statute and no assessment in connection therewith has been made against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(ee) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ff) The operations of the Company, the Parent and each of the Parent's other subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Parent, or any of the Parent's other subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(gg) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is: (A) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, the non-government controlled areas of Kherson and Zaporizhzhia, Iran and North Korea), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Parent or the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Parent or the Company, as the case may be, as to matters covered thereby, to each Underwriter.

4. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of 98.578% of the principal amount thereof, including accrued interest, if any, from August 8, 2025 to the Time of Delivery (as defined in Section 6(a)), the principal amount of the Securities set forth opposite the name of such Underwriter in Schedule I hereto.

5. Upon the authorization by the Company of the release of the Securities, the several Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

6. (a) The Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Securities to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Securities to the account of the Representatives at DTC. The Company will cause the form of the certificates representing the Securities to be made available to the Representatives for checking at least twenty-four hours prior to the Time of Delivery hereunder at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"). The time and date of such delivery and payment shall be 9:30 a.m., Eastern time, on August 8, 2025 or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date is herein called the "**Time of Delivery**".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 10 hereof, will be delivered at the Closing Location, and the Securities will be delivered through the facilities of DTC, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Eastern time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

7. Each of the Parent and the Company, jointly and severally, agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in a form substantially consistent with Schedule III hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Parent or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement any of the Securities remain unsold by the Underwriters, the Parent will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to the Representatives. If at the Renewal Deadline the Parent is no longer eligible to file an automatic shelf registration statement, the Parent will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to the Representatives and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Parent will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided* that in connection therewith neither the Parent nor the Company shall be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., Eastern time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the

Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Parent and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Parent, Rule 158);

(f) During the period beginning from the date hereof and continuing until the Time of Delivery, not to offer, sell, contract to sell, or otherwise dispose of, except as provided hereunder, any securities of the Parent or the Company that are substantially similar to the Securities without the Representatives' prior written consent;

(g) To take all reasonable action necessary to enable S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. to provide their respective credit ratings of the Securities;

(h) During a period of three years from the effective date of the Registration Statement, to furnish to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Parent and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to the holders of the Securities consolidated summary financial information of the Parent and its subsidiaries for such quarter in reasonable detail; *provided, however*, that the Parent and the Company may satisfy the requirements of this subsection by making any such reports, communications or information available on its website or by filing such information with the Commission via EDGAR or any successor filing system thereto;

(i) To use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Parent's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "**License**"); *provided*, *however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) Each of the Parent and the Company represents and agrees that, other than the final term sheet in a form substantially consistent with Schedule III hereto and filed pursuant to Section 7(a) hereof, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, other than one or more term sheets relating to the Securities substantially consistent with Schedule III hereto, containing no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included in the Preliminary Prospectus or Pricing Prospectus, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. Each of the Parent and the Company covenants and agrees with the several Underwriters that the Parent and the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Parent's and the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Indenture, the Support Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture, the Securities and the Support Agreement; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Parent and the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Parent and the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Parent and the Company shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 7(a) hereof; the final term sheet contemplated by Section 7(a) hereof, and any other material required to be filed by the Company pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for

that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinions, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes II-A and II-B hereto;

(d) Jeffrey M. Taylor, Secretary of the Company and Vice President, Chief SEC Counsel and Secretary of the Parent, shall have furnished to the Representatives his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Parent, the Company and the Parent's other subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded the Parent's or the Company's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of the Parent's or the Company's debt securities;

(h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Parent's or the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and

(i) Each of the Parent and the Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery certificates of officers of the Parent and the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Parent and the Company, respectively, herein at and as of the Time of Delivery, as to the performance by the Parent and the Company of all their respective obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section 10 and as to such other matters as the Representatives may reasonably request.

11. (a) The Parent and the Company will, jointly and severally, indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Parent and the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Parent and the Company against any losses, claims, damages or liabilities, joint or several, to which the Parent or the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Parent and the Company for any legal or other expenses reasonably incurred by the Parent or the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Parent and the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Parent or the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parent, the Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Parent and the Company under this Section 11 shall be in addition to any liability which the Parent and the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Parent or the Company and to each person, if any, who controls the Parent or the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term “Underwriter” as used in this Agreement shall include any person substituted under this Section 12 with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Securities which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 11 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. The respective indemnities, agreements, representations, warranties and other statements of the Parent, the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, the Parent or the Company, or any officer or director or controlling person of the Parent or the Company, and shall survive delivery of and payment for the Securities.

14. If for any reason, other than a default by the Underwriters in their obligation to purchase the Securities, any Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Parent and the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

15. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

16. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: U.S. Bancorp Investments, Inc., 214 North Tryon Street, 26th Floor Charlotte, NC 28202-1078, Attention: Investment Grade Syndicate or facsimile transmission to (877) 774-3462; J.P. Morgan Securities LLC, 383 Madison Avenue New York, NY 10179, Attention: Investment Grade Syndicate Desk, or by facsimile transmission to (212) 834-6081; or PNC Capital Markets LLC, 300 Fifth Avenue, 10th Floor, Pittsburgh, PA 15222, Attention: Debt Capital Markets, Fixed Income Transaction Execution, or by email at capitalmarketsnotices@pnc.com; and if to the Parent or the Company shall be delivered or sent by mail to the address of the Parent set forth in the Registration Statement, or email at stacy.mitchell@amwater.com, Attention: Stacy A. Mitchell, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

17. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Parent and the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Parent and the Company and, to the extent provided in Sections 11 and 13 hereof, the officers and directors of the Parent and the Company and each person who controls the Parent and the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

20. The Parent and the Company acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Parent and the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Parent or the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Parent or the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Parent or the Company) or any other obligation to the Parent or the Company except the obligations expressly set forth in this Agreement and (iv) the Parent and the Company have consulted their own legal and financial advisors to the extent they deemed appropriate. The Parent and the Company agree that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Parent or the Company, in connection with such transaction or the process leading thereto.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Parent, the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

23. THE PARENT, THE COMPANY AND EACH OF THE UNDERWRITERS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

25. Notwithstanding anything herein to the contrary, each of the Parent and the Company are authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Parent and the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax treatment” means U.S. Federal and State income tax treatment, and “tax structure” is limited to any facts that may be relevant to that treatment.

26. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 26, the following terms shall have the meanings indicated:

(i) "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii) "**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv) "**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Parent and the Company.

Very truly yours,

AMERICAN WATER CAPITAL CORP.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[Signature Page to the Underwriting Agreement]

Accepted as of the date hereof:

U.S. Bancorp Investments, Inc.
J.P. Morgan Securities LLC
PNC Capital Markets LLC

On behalf of each of the Underwriters

U.S. BANCORP INVESTMENTS, INC.

By: /s/ BRENT KREISSL
Name: Brent Kreissl
Title: Managing Director

J.P. MORGAN SECURITIES LLC

By: /s/ SOM BHATTACHARYYA
Name: Som Bhattacharyya
Title: Executive Director

PNC CAPITAL MARKETS LLC

By: /s/ VALERIE SHADECK
Name: Valerie Shadeck
Title: Managing Director

[Signature Page to the Underwriting Agreement]

SCHEDULE I

	Principal Amount of the Securities to be Purchased	
U.S. Bancorp Investments, Inc.	$	184,500,000
J.P. Morgan Securities LLC	$	159,750,000
PNC Capital Markets LLC	$	159,750,000
BofA Securities, Inc.	$	54,000,000
Mizuho Securities USA LLC	$	54,000,000
RBC Capital Markets, LLC	$	54,000,000
TD Securities (USA) LLC	$	54,000,000
Truist Securities, Inc.	$	54,000,000
Wells Fargo Securities, LLC	$	54,000,000
Huntington Securities, Inc.	$	15,750,000
Regions Securities LLC	$	15,750,000
Scotia Capital (USA) Inc.	$	15,750,000
BNY Mellon Capital Markets, LLC	$	9,000,000
Siebert Williams Shank & Co., LLC	$	9,000,000
Academy Securities, Inc.	$	2,250,000
Cabrera Capital Markets LLC	$	2,250,000
Roberts & Ryan, Inc.	$	2,250,000
Total	$	900,000,000

SCHEDULE II

a) Issuer Free Writing Prospectuses included in the Pricing Disclosure Package: Final term sheet attached hereto as Schedule III.

SCHEDULE III

August 6, 2025

American Water Capital Corp.
American Water Works Company, Inc.

$900,000,000 5.700% Senior Notes due 2055

Issuer:	American Water Capital Corp.
Support Provider:	American Water Works Company, Inc.
Security:	5.700% Senior Notes due 2055
Size:	$900,000,000
Trade Date:	August 6, 2025
Settlement Date:	August 8, 2025 (T+2)*
Maturity Date:	September 1, 2055
Benchmark Treasury:	UST 4.625% due February 15, 2055
Benchmark Treasury Yield:	4.838%
Spread to Benchmark Treasury:	+90 bps
Yield to Maturity:	5.738%
Coupon:	5.700%
Price to Public:	99.453% of the principal amount
Interest Payment Dates:	March 1 and September 1 of each year, beginning on March 1, 2026
Redemption Provisions:	
Make-whole call:	Treasury Rate +15 bps
Par call:	On or after March 1, 2055
CUSIP:	03040WBG9
ISIN:	US03040WBG96
Ratings[(1)]:	[Intentionally Omitted]
Joint Book-Running Managers:	U.S. Bancorp Investments, Inc. J.P. Morgan Securities LLC PNC Capital Markets LLC BofA Securities, Inc. Mizuho Securities USA LLC RBC Capital Markets, LLC TD Securities (USA) LLC Truist Securities, Inc. Wells Fargo Securities, LLC
Sr. Co-Managers:	Huntington Securities, Inc. Regions Securities LLC Scotia Capital (USA) Inc.
Co-Managers:	BNY Mellon Capital Markets, LLC Siebert Williams Shank & Co., LLC

Jr. Co-Managers:	Academy Securities, Inc. Cabrera Capital Markets LLC Roberts & Ryan, Inc.

(1) Neither of these ratings is a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

The term "Treasury Rate" has the meaning ascribed to that term in the Issuer's Preliminary Prospectus Supplement, dated August 6, 2025.

* The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about the second business day following the date of the prospectus supplement, or "T+2". Trades of securities in the secondary market generally are required to settle in one business day, referred to as T+1, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+1 basis, investors who wish to trade the notes prior to the first business day before delivery of the notes will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Investors of the notes who wish to trade the notes on any date prior to the first business day before delivery should consult their own advisors.

The Issuer and the Support Provider have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and the Support Provider have filed with the SEC for more complete information about the Issuer, the Support Provider and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter participating in the offering will arrange to send you the prospectus if you request it by calling U.S. Bancorp Investments, Inc. toll free at (877) 558-2607, J.P. Morgan Securities LLC collect at (212) 834-4533, or PNC Capital Markets LLC toll free at (855) 881-0697.

SCHEDULE IV

Significant Subsidiaries of the Parent

Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

AUGUST 8, 2025

5.700% SENIOR NOTES DUE 2055

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, dated July 31, 2025 of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.700% Senior Notes due 2055" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering the Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are "Debt" under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.700% Senior Notes due 2055

CUSIP No. 03040W BG9
ISIN No. US03040WBG96

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____Dollars on September 1, 2055, and to pay interest thereon from August 8, 2025 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on March 1 and September 1, in arrears, commencing March 1, 2026, and on any earlier Redemption Date (as defined herein), at the rate of 5.700% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A.,
As Trustee

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to March 1, 2055 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by

the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Morgan Lewis

August 8, 2025

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation (the "Company"), in connection with the offering of 1,056,338 shares of common stock, par value $0.01 per share, of the Company ("Common Stock").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration No. 333-277166) (the "Registration Statement"), which Registration Statement was filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated August 4, 2025 (the "Prospectus Supplement") relating to the Common Stock, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Underwriting Agreement, dated August 4, 2025 (the "Underwriting Agreement"), by and among the Company, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the representatives of the underwriters named therein, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as the forward sellers, and Wells Fargo Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent), as the forward purchasers (the "Forward Purchasers"); (4) the "Additional Forward Sale Agreements" meaning (i) the additional forward sale agreement, dated August 7, 2025, by and between the Company and Wells Fargo Bank, National Association, (ii) the additional forward sale agreement, dated August 7, 2025, by and among the Company and JPMorgan Chase Bank, National Association, and (iii) the additional forward sale agreement, dated August 7, 2025, by and among the Company and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC acting as agent); (5) the restated certificate of incorporation of the Company; (6) the amended and restated bylaws of the Company; and (7) such other corporate records, certificates and other documents and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that any shares of Common Stock that may be issued and delivered to the relevant Forward Purchaser by the Company pursuant to such relevant Additional Forward Sale Agreement, when issued and delivered by the Company against payment of the consideration set forth therein, will be validly issued, fully paid and non-assessable.

Morgan, Lewis & Bockius LLP

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In rendering the foregoing opinion, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of the documents submitted to us as originals, the conformity with the originals of all documents submitted to us as certified, facsimile or photostatic copies and the authenticity of the originals of all documents submitted to us as copies.

We hereby consent to the reference to us under the heading "Legal Matters" in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading "Legal Matters" in the Base Prospectus, and to the filing of this opinion as an exhibit to the Company's Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

Morgan Lewis

August 8, 2025

American Water Works Company, Inc.
American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation ("AWW"), and American Water Capital Corp., a Delaware corporation (the "Company"), in connection with the issuance by the Company of $900,000,000 aggregate principal amount of its 5.700% Senior Notes due 2055 (the "Notes"), issued under the Indenture, dated as of December 4, 2009 (the "Indenture"), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes have the benefit of the Support Agreement, dated June 22, 2000, as amended as of July 26, 2000, between the Company and AWW (the "Support Agreement").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration Nos. 333-277166-01 and 333-277166) (the "Registration Statement"), which Registration Statement was filed jointly by the Company and AWW with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated August 6, 2025 (the "Prospectus Supplement") relating to the Notes, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Indenture; (4) the Support Agreement; (5) the certificate of incorporation of the Company; (6) the by-laws, as amended, of the Company; (7) the restated certificate of incorporation of AWW; (8) the amended and restated bylaws of AWW; and (9) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of payment for the Notes) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Notes and the Support Agreement, as it relates to the Notes, are valid and binding obligations of the Company and AWW, respectively, except as may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies generally and general principles of equity.

Morgan, Lewis & Bockius LLP

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In rendering the foregoing opinion, we have assumed that the certificates representing the Notes conform to specimens examined by us and that the Notes have been duly authenticated, in accordance with the Indenture, by the Trustee under the Indenture and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the reference to us under the heading “Legal Matters” in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading “Legal Matters” in the Base Prospectus, and to the filing of this opinion as an exhibit to AWW’s Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

August 7, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Wells Fargo Bank, National Association**
30 Hudson Yards New York, NY 10001-2170
Email: CorporateDerivativeNotifications@wellsfargo.com

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Wells Fargo Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	August 7, 2025
Effective Date:	August 8, 2025
Base Amount:	Initially, 352,113 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on Bloomberg Screen “OBFR01 <Index> <GO>”, or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading “Forward Price Reduction Date.”
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the “Issuer”) (Exchange identifier: “AWK”).

Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.
Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.

Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.
Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."

Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included

in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.

Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.
Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated August 4, 2025 among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of August 4, 2025 between Party A and Party B relating to a substantially identical forward transaction with respect to 2,347,418 Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in

Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after August 5, 2025 Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with August 5, 2025 being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under "Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than CorpEqDerivSales@wellsfargo.com or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

Notwithstanding anything to the contrary in the Agreement, all notices to Party A in connection with the Transaction are effective only upon receipt of email message to CorporateDerivativeNotifications@wellsfargo.com.

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the

parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

It is a national banking association organized or formed under the laws of the United States and is a United States resident for United States federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent) and JPMorgan Chase Bank, National Association (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares with a trade date of August 5, 2025 (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

5. Regulatory Provisions:

U.S. QFC Stay Rules:

The parties agree that (i) to the extent that prior to the date hereof all parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement and this Confirmation, and for such purposes this the Agreement and this Confirmation shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as

Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and this Confirmation and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement and this Confirmation, and for such purposes the Agreement and this Confirmation shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement and this Confirmation, all parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and this Confirmation and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement and this Confirmation" include any related credit enhancements entered into between the parties or provided by one to the other.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation to CorporateDerivativeNotifications@wellsfargo.com.

Yours faithfully,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ CATHLEEN BURKE
Name: Cathleen Burke
Title: Designated Signer

[*Signature Page to Additional Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

J.P.Morgan

August 7, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **JPMorgan Chase Bank, National Association**
New York Branch
383 Madison Avenue
New York, NY 10179

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Party A's ultimate parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

   In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

   Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	JPMorgan Chase Bank, National Association
Party B:	American Water Works Company, Inc.
Trade Date:	August 7, 2025
Effective Date:	August 8, 2025
Base Amount:	Initially, 352,113 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on Bloomberg Screen "OBFR01 <Index> <GO>", or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading "Forward Price Reduction Date."
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.

Clearance System: The Depository Trust Company.

Calculation Agent: Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner.

In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date: Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length: (a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or

(c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.

Settlement Shares: With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.

Settlement Method: Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates.

For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.

Settlement Notice Requirements: Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."

Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.

Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.
Adjustments:	
Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction.

Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event:

(i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and

(ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and

(iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans;

(iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and

(v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program.

Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event:

(i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8;

(ii) Issuances of Shares in connection with the exchange of exchangeable notes; and

(iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.

Method of Adjustment: Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.

Additional Adjustment: If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A: To be advised under separate cover or telephone confirmed prior to each Settlement Date.

Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated August 4, 2025 among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of August 4, 2025 between Party A and Party B relating to a substantially identical forward transaction with respect to 2,347,418 Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after August 5, 2025 Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with August 5, 2025 being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B,

result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under "Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any EDG Personnel. "EDG Personnel" means any employee on the trading side of the Equity Derivatives Group of J.P. Morgan Securities LLC and does not include Mr. David Aidelson, Mr. Elliot Chalom, Mr. Noah L. Wynkoop, Ms. Yana Chernobilsky, Mr. Ganaraj S. Hegde, and Mr. Gaurav Maria (or any other person or persons designated from time to time by the Compliance Group of Party A). For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: JPMorgan Chase Bank, National Association
EDG Marketing Support
Email: edg_notices@jpmorgan.com;
edg_ny_corporate_sales_support@jpmorgan.com

With a copy to:

Attention: Mr. Gaurav Maria
Title: Managing Director
Telephone No:
Email:

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this

Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a national banking association organized and existing under the laws of the United States of America and is an exempt recipient under Section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code,

or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Wells Fargo Bank, National Association and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent) (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares with a trade date of August 5, 2025 (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Communications with Employees of J.P. Morgan Securities LLC:

If Party B interacts with any employee of J.P. Morgan Securities LLC with respect to the Transaction, Party B is hereby notified that such employee will act solely as an authorized representative of JPMorgan Chase Bank, N.A. (and not as a representative of J.P. Morgan Securities LLC) in connection with the Transaction.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties acknowledge and agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement, the J.P. Morgan entity that is a party to the Agreement ("J.P. Morgan") shall be deemed a Regulated Entity and the other entity that is a party to the Agreement ("Counterparty") shall be deemed an Adhering Party; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Covered Agreement, J.P. Morgan shall be deemed a Covered Entity and Counterparty shall be deemed a Counterparty Entity; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by the International Swaps and Derivatives Association, Inc. on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," J.P. Morgan shall be deemed a "Covered Entity" and Counterparty shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to J.P. Morgan replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By: /s/ GAURAV MARIA
Name: Gaurav Maria
Title: Managing Director

[*Signature Page to Additional Base Confirmation*]

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

Mizuho Americas
1271 Avenue of the Americas
New York, NY 10020
t: +1 212 282 3000

August 7, 2025

To: **American Water Works Company, Inc.**
1 Water Street
Camden, New Jersey 08102

From: **Mizuho Markets Americas LLC**
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Ladies and Gentlemen,

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

1. The definitions and provisions contained in the 2000 ISDA Definitions (the "2000 Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "2002 Definitions" and, together with the 2000 Definitions, the "Definitions"), each as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation.

   Each party further agrees that this Confirmation together with the Agreement evidence a complete binding agreement between Party A (with Mizuho Securities USA LLC, acting as agent (in such capacity, the "Agent")) and Party B as to the subject matter and terms of the Transaction to which this Confirmation relates, and shall supersede all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement in the form of the 2002 ISDA Master Agreement (the "Agreement") as if Party A and Party B had executed an agreement in such form on the Trade Date (but without any Schedule except for (i) the election of the laws of the State of New York as the governing law (without regard to New York's choice of laws doctrine other than Title 14 of Article 5 of the New York General Obligations Law); (ii) the election of U.S. Dollars as the Termination Currency; (iii) the word "first" shall be replaced with the word "third" each time it occurs in Section 5(a)(i) of the Agreement; and (iv) the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement shall apply to Party A as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement, (b) the "Threshold Amount" with respect to Party A were three percent of the shareholders' equity of Parent, (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within one Local Business Day of such party's receipt of written notice of its failure to pay."; and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business. The parties hereby agree that no Transaction other than the Transaction to which this Confirmation relates shall be governed by the Agreement. For purposes of the 2002 Definitions, the Transaction is a Share Forward Transaction.

In the event of any inconsistency among the Agreement, this Confirmation, the 2002 Definitions, and the 2000 Definitions, the following will prevail in the order of precedence indicated: (i) this Confirmation, (ii) the 2002 Definitions, (iii) the 2000 Definitions, and (iv) the Agreement.

Party A and Party B each represents to the other that it has entered into the Transaction in reliance upon such tax, accounting, regulatory, legal, and financial advice as it deems necessary and not upon any view expressed by the other.

Party A is acting as principal hereunder and Agent, its affiliate, is acting as agent for Party A and Party B hereunder. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Exchange Act (as defined below). Party A is not a member of the Securities Investor Protection Corporation.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Party A:	Mizuho Markets Americas LLC
Party B:	American Water Works Company, Inc.
Trade Date:	August 7, 2025
Effective Date:	August 8, 2025
Base Amount:	Initially, 352,112 Shares. On each Settlement Date, the Base Amount shall be reduced by the number of Settlement Shares for such Settlement Date.
Maturity Date:	December 31, 2026 (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).
Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day thereafter, the Forward Price as of the immediately preceding calendar day multiplied by the sum of (i) 1 and (ii) the Daily Rate for such day; provided that on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD 139.657 per Share.
Daily Rate:	For any day, (i)(A) the Overnight Bank Rate for such day, minus (B) the Spread, divided by (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on Bloomberg Screen “OBFR01 <Index> <GO>”, or any successor page; *provided* that, if no rate appears for a particular day on such page, the rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	0.75%
Forward Price Reduction Date:	Each date (other than the Trade Date) set forth on Schedule I under the heading “Forward Price Reduction Date.”

Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, par value USD 0.01 per share, of Party B (also referred to herein as the "Issuer") (Exchange identifier: "AWK").
Exchange:	The New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.
Calculation Agent:	Party A; *provided* that following the occurrence and during the continuation of an Event of Default with respect to which Party A is the Defaulting Party, Party B shall have the right to designate an independent nationally or internationally recognized third-party dealer with expertise in over-the-counter corporate equity derivatives to replace Party A as Calculation Agent, the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent, and any fees and/or expenses of such replacement Calculation Agent shall be payable by Party B. Any determination or calculation by the Calculation Agent in such capacity shall be made in good faith and in a commercially reasonable manner. In the event that the Calculation Agent makes any determination or calculation pursuant to this Confirmation, the Agreement or the 2002 Definitions, promptly following receipt of a written request from either party hereto, the Calculation Agent shall provide an explanation in reasonable detail of the basis for such determination or calculation if requested by such party, it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models or proprietary or confidential information used by it for such determination or calculation.

Settlement Terms:

Settlement Date:	Any Scheduled Trading Day following the Effective Date and up to and including the Maturity Date, as designated by (a) Party A pursuant to "Termination Settlement" below or (b) Party B in a written notice (a "Settlement Notice") that satisfies the Settlement Notice Requirements and is delivered to Party A no later than (i) 12:30 p.m. (New York City time) on the Scheduled Trading Day immediately prior to such Settlement Date, which may be the Maturity Date, if Physical Settlement applies, and (ii) a number of Scheduled Trading Days equal to the Notice Length prior to such Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies; *provided* that (i) the Maturity Date shall be a Settlement Date if on such date the Base Amount is greater than zero, (ii) if Physical Settlement applies and a Settlement Date specified above (including a Settlement Date occurring on the Maturity Date) is not a Clearance System Business Day, the Settlement Date shall be the next following Clearance System Business Day and (iii) if Cash Settlement or Net Share Settlement applies and Party A shall have fully unwound its hedge during the related Unwind Period with respect to the relevant Settlement Shares by a date that is more than one Scheduled Trading Day prior to a Settlement Date specified above, Party A may, by written notice to Party B, specify any Scheduled Trading Day prior to such originally specified Settlement Date as the Settlement Date.

Notice Length:	(a) 30 Scheduled Trading Days, if (x) Party B shall not have designated, on or prior to the date of such Settlement Notice, a Settlement Date under any Other Forward (as defined under "Other Forwards" below) for which Cash Settlement or Net Share Settlement is applicable or (y) Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards for which Cash Settlement or Net Share Settlement is applicable but no Overlap Unwind Period (as defined under "Other Forwards" below) would occur with respect to any Other Forward as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (b) 60 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under one or more Other Forwards with one or both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to one or more Other Forwards with one (but only one) Other Forward Counterparty as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder; or (c) 90 Scheduled Trading Days, if Party B shall have designated, on or prior to the date of such Settlement Notice, a Settlement Date under two or more Other Forwards with both of the Other Forward Counterparties for which Cash Settlement or Net Share Settlement is applicable and an Overlap Unwind Period would occur with respect to two or more Other Forwards with both Other Forward Counterparties as a result of the election of Cash Settlement or Net Share Settlement, as the case may be, hereunder.
Settlement Shares:	With respect to any Settlement Date, a number of Shares, not to exceed the Base Amount, designated as such by Party B in the related Settlement Notice or by Party A pursuant to "Termination Settlement" below; *provided* that on the Maturity Date the number of Settlement Shares shall be equal to the Base Amount on such date.
Settlement Method:	Physical Settlement, Cash Settlement or Net Share Settlement, at the election of Party B as set forth in a Settlement Notice delivered on or after the Effective Date that satisfies the Settlement Notice Requirements; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares in respect of which Party A is unable, in its good faith and commercially reasonable judgment, to unwind its hedge by the end of the Unwind Period in a manner that, in the good faith and commercially reasonable judgment of Party A based upon the advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 under the Exchange Act or due to the lack of sufficient liquidity in the Shares on any Exchange Business Day during the Unwind Period, or (iii) to any Termination Settlement Date (as defined below under "Termination Settlement"). For the avoidance of doubt, during any Unwind Period, Party B may elect Physical Settlement (as described above) in respect of any Shares that are not Settlement Shares for the Cash Settlement or Net Share Settlement, as the case may be, to which such Unwind Period relates. For greater clarity, with respect to any Settlement Date in respect of which Cash Settlement applies, Party A shall be deemed to have completed unwinding its hedge in respect of the portion of the Transaction to be settled on such Settlement Date when it purchases (or, to the extent applicable, unwinds derivative positions (including, but not limited to, swaps or options related to the Shares) resulting in Party A's synthetic purchase of) an aggregate number of Shares equal to the number of Settlement Shares for such Settlement Date.

Settlement Notice Requirements:	Notwithstanding any other provision hereof, a Settlement Notice delivered by Party B that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Party B delivers to Party A with such Settlement Notice a representation signed by Party B substantially in the following form: "As of the date of this Settlement Notice, Party B is not aware of any material nonpublic information concerning itself or the Shares, and is designating the date contained herein as a Settlement Date and is electing Cash Settlement or Net Share Settlement, as the case may be, in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws."
Unwind Period:	Subject to the provisions below under the caption "Other Forwards," each Exchange Business Day that is not a Suspension Day during the period from and including the first Exchange Business Day following the date Party B validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day immediately preceding such Settlement Date (or the immediately preceding Exchange Business Day if such Scheduled Trading Day is not an Exchange Business Day); subject to "Termination Settlement" below. If any Exchange Business Day during an Unwind Period is a Disrupted Day, the Calculation Agent shall make commercially reasonable adjustments to the terms of the Transaction (including, without limitation, the Cash Settlement Amount, the number of Net Share Settlement Shares and the 10b-18 VWAP) to account for the occurrence of such Disrupted Day.
Suspension Day:	Any Exchange Business Day on which Party A reasonably determines based on the advice of counsel that Cash Settlement or Net Share Settlement may violate applicable securities laws. Party A shall notify Party B if it receives such advice from its counsel.
Market Disruption Event:	Section 6.3(a) of the 2002 Definitions is hereby amended by replacing clause (ii) in its entirety with "(ii) an Exchange Disruption, or" and inserting immediately following clause (iii) the phrase "; in each case that the Calculation Agent determines is material."
Exchange Act:	The Securities Exchange Act of 1934, as amended from time to time.
Physical Settlement:	On any Settlement Date in respect of which Physical Settlement applies, Party B shall deliver to Party A through the Clearance System the Settlement Shares for such Settlement Date, and Party A shall pay to Party B, by wire transfer of immediately available funds to an account designated by Party B, an amount in cash equal to the Physical Settlement Amount for such Settlement Date, on a delivery versus payment basis. If, on any Settlement Date, the Shares to be delivered by Party B to Party A hereunder are not so delivered (the "Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to Party A, then the portion of the Physical Settlement Amount payable by Party A to Party B in respect of the Deferred Shares shall be reduced by an amount equal to the Forward Price Reduction Amount for such Forward Price Reduction Date, *multiplied by* the number of Deferred Shares.
Physical Settlement Amount:	For any Settlement Date in respect of which Physical Settlement applies, an amount in cash equal to the product of (i) the Forward Price on such Settlement Date and (ii) the number of Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount for such Settlement Date is a positive number, Party A will pay such Cash Settlement Amount to Party B. If the Cash Settlement Amount is a negative number, Party B will pay the absolute value of such Cash Settlement Amount to Party A. Such amount shall be paid on the Settlement Date by wire transfer of immediately available funds.

Cash Settlement Amount:	For any Settlement Date in respect of which Cash Settlement or Net Share Settlement applies, an amount determined by the Calculation Agent equal to the difference between (1) the product of (i) (A) the average Forward Price over the period beginning on, and including, the date that is one Settlement Cycle following the first day of the applicable Unwind Period and ending on, and including, such Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during the applicable Unwind Period, except as set forth in clause (2) below), *minus* USD 0.01, *minus* (B) the average of the 10b-18 VWAP prices per Share on each Exchange Business Day during such Unwind Period (*provided* that during any Overlap Unwind Period , only those Exchange Business Days that constitute Overlap Observation Days shall be included in such calculation) (clause (B), the "Average Unwind 10b-18 VWAP"), *multiplied by* (ii) the number of Settlement Shares for such Settlement Date, *minus* (2) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, *multiplied by* (ii) the number of Settlement Shares with respect to which Party A has not unwound its hedge as of such Forward Price Reduction Date.
Net Share Settlement:	On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Party A shall deliver to Party B the Net Share Settlement Shares, or (ii) negative number, Party B shall deliver to Party A the Net Share Settlement Shares; *provided* that if Party A determines in its good faith judgment that it would be required to deliver Net Share Settlement Shares to Party B, Party A may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.
Net Share Settlement Shares:	For any Settlement Date in respect of which Net Share Settlement applies, a number of Shares equal to the absolute value of the Cash Settlement Amount *divided by* the Average Unwind 10b-18 VWAP, with the number of Shares rounded up in the event such calculation results in a fractional number of Shares. If, on any Settlement Date, the Shares to be delivered by Party B or Party A hereunder upon Net Share Settlement are not so delivered (the "Net Share Deferred Shares"), and a Forward Price Reduction Date occurs during the period from, and including, such Settlement Date to, but excluding, the date such Shares are actually delivered to such party, then the portion of the Net Share Settlement Shares deliverable by Party A or Party B in respect of the Net Share Deferred Shares shall be adjusted by the Calculation Agent to reflect the occurrence of such Forward Price Reduction Amount for such Forward Price Reduction Date.
10b-18 VWAP:	For any Exchange Business Day during the Unwind Period that is not a Suspension Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades on the Exchange on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading session in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3), as determined in good faith by the Calculation Agent. Party B acknowledges that Party A may refer to the Bloomberg Page "AWK <Equity> AQR SEC" (or any successor thereto), in its discretion, for such Exchange Business Day to determine the 10b-18 VWAP.
Settlement Currency:	USD.
Failure to Deliver:	Inapplicable.

Adjustments:

Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the 2002 Definitions to any applicable Extraordinary Event shall not apply. In lieu of the applicable provisions contained in Article 12 of the 2002 Definitions, the consequences of any Extraordinary Event shall be as specified under the captions "Acceleration Events" and "Termination Settlement" below.
Tender Offer:	Applicable; *provided* that Section 12.1(d) of the 2002 Definitions shall be amended by replacing the reference therein to "10%" with a reference to "20%".
Potential Adjustment Event:	The definition of "Potential Adjustment Event" in Section 11.2(e) of the 2002 Definitions shall not include clause (iii) thereof for purposes of the Transaction. Notwithstanding Section 11.2(e)(v) of the 2002 Definitions, the following repurchases of Shares (if applicable) shall not be considered to be a Potential Adjustment Event: (i) Shares withheld from employees of Party B or its Affiliates to pay certain withholding taxes upon the vesting of Share awards or options granted to such employees under compensation or benefit plans of Party B; and (ii) Shares purchased in connection with the reinvestment of dividends by recipients of Share awards under Party B's compensation or benefit plans; and (iii) Shares purchased in connection with the operation of Party B's dividend reinvestment and direct stock purchase plans; (iv) Shares purchased by Party B to offset any shareholder dilution arising from the exercise of options to purchase Shares; and (v) Up to 1,000,000 Shares purchased subsequent to the Trade Date under Party B's publicly announced share repurchase program. Notwithstanding Section 11.2(e) of the 2002 Definitions, the following shall not be considered to be a Potential Adjustment Event: (i) Any issuance of Shares by Party B to employees, officers and directors of Party B that are registered on SEC Form S-8; (ii) Issuances of Shares in connection with the exchange of exchangeable notes; and (iii) An issuance of up to USD 4,000,000 of shares in connection with an acquisition by Party B or its Affiliates of a company or business.
Method of Adjustment:	Calculation Agent Adjustment; notwithstanding anything in the 2002 Definitions to the contrary, the Calculation Agent may make an adjustment pursuant to Calculation Agent Adjustment to any one or more of the Base Amount, the Forward Price and any other variable relevant to the settlement or payment terms of the Transaction.

Additional Adjustment:	If, in Party A's good faith and commercially reasonable judgment, the stock loan fee to Party A (or an Affiliate thereof), excluding the federal funds rate (or other interest rate) component payable by the relevant stock lender to Party A or such Affiliate (the "Stock Loan Fee"), over any one month period (or, in respect of any day from, and including, the Trade Date to, but excluding, the date that is one month following the Trade Date, over the period of days as have elapsed from, and including, the Trade Date to, and including, such day), of borrowing a number of Shares equal to the Base Amount to hedge its exposure to the Transaction exceeds a weighted average rate equal to 50 basis points per annum, the Calculation Agent shall reduce the Forward Price in order to compensate Party A for the amount by which the Stock Loan Fee exceeded a weighted average rate equal to 50 basis points per annum during such period. The Calculation Agent shall notify Party B prior to making any such adjustment to the Forward Price and, upon the request of Party B, Party A shall provide an itemized list of the Stock Loan Fees for the applicable period specified above in this paragraph.

Account Details:

Payments to Party A:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Payments to Party B:	To be advised under separate cover or telephone confirmed prior to each Settlement Date.
Delivery of Shares to Party A:	To be advised.
Delivery of Shares to Party B:	To be advised.

3. Other Provisions:

Conditions to Effectiveness:

The effectiveness of this Confirmation on the Effective Date shall be subject to (i) the condition that the representations and warranties of Party B contained in the Underwriting Agreement dated August 4, 2025 among Party B and Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and Mizuho Securities USA LLC, as Representatives of the several Underwriters (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Party B are true and correct or, as provided in the Underwriting Agreement or such certificate, true and correct in all material respects on the Effective Date as if made as of the Effective Date, (ii) the condition that Party B has performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date, (iii) the condition that Party B has delivered to Party A an opinion of counsel dated as of the Effective Date with respect to matters set forth in Section 3(a) of the Agreement, (iv) the satisfaction of all of the conditions set forth in Section 10 of the Underwriting Agreement, (v) the condition that the Underwriting Agreement shall not have been terminated pursuant to Section 12 thereof, and (vi) the condition that neither of the following has occurred: (A) in Party A's good faith and commercially reasonable judgment, Party A (or its Affiliate) is unable to borrow and deliver for sale a number of Shares equal to the Base Amount, or (B) in Party A's good faith and commercially reasonable judgment Party A (or its Affiliate) would incur a Stock Loan Fee of more than a rate equal to 200 basis points per annum to do so (in which event this Confirmation shall be effective but the Base Amount for the Transaction shall be the number of Shares Party A (or an Affiliate thereof) is required to deliver in accordance with Section 4(b) of the Underwriting Agreement).

Representations and Agreements of Party A and Party B:

Each of Party A and Party B represents, warrants and covenants that it:

(a) (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction; (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction; and (iii) is entering into the Transaction for a bona fide business purpose;

(b) is not and has not been the subject of any civil proceeding of a judicial or administrative body of competent jurisdiction that could reasonably be expected to impair materially its ability to perform its obligations hereunder; and

(c) will by the next succeeding Local Business Day notify the other party upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default in respect of which it is the Defaulting Party.

Additional Representations, Warranties and Agreements of Party B:

Party B hereby represents and warrants to, and agrees with, Party A as of the date hereof that:

(a) Any Shares, when issued and delivered in accordance with the terms of the Transaction, will be duly authorized and validly issued, fully paid and nonassessable, and the issuance thereof will not be subject to any preemptive or similar rights.

(b) Party B has reserved and will keep available at all times, free from preemptive rights, out of its authorized but unissued Shares, solely for the purpose of issuance upon settlement of the Transaction as herein provided, the full number of Shares as shall be issuable at such time upon settlement of the Transaction. All Shares so issuable shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(c) Party B agrees to provide Party A with at least three days' written notice (an "Issuer Repurchase Notice") prior to executing any repurchase of Shares by Party B or any of its subsidiaries (or entering into any contract that would require, or give the option to, Party B or any of its subsidiaries, to purchase or repurchase Shares), whether out of profits or capital or whether the consideration for such repurchase is cash, securities or otherwise (an "Issuer Repurchase"), that alone or in the aggregate would result in the Base Amount Percentage (as defined below) being either (i) equal to or greater than 9.0% of the outstanding Shares or (ii) greater by 0.5% or more than the Base Amount Percentage at the time of the immediately preceding Issuer Repurchase Notice (or in the case of the first such Issuer Repurchase Notice, greater than the Base Amount Percentage as of the later of the date hereof or the immediately preceding Settlement Date, if any). The "Base Amount Percentage" as of any day is the fraction (1) the numerator of which is the sum of (i) the Base Amount, and (ii) the "Base Amount," as such term is defined in the confirmation dated as of August 4, 2025 between Party A and Party B relating to a substantially identical forward transaction with respect to 2,347,418 Shares (the "Base Confirmation") and (2) the denominator of which is the number of Shares outstanding on such day.

(d) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Party B of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (i) such as have been obtained under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) as may be required to be obtained under state securities laws.

(e) Party B agrees not to make any Issuer Repurchase if, immediately following such Issuer Repurchase, the Base Amount Percentage would be equal to or greater than 9.0%.

(f) Party B is not insolvent, nor will Party B be rendered insolvent as a result of the Transaction.

(g) Neither Party B nor any of its Affiliates shall take or refrain from taking any action (including, without limitation, any direct purchases by Party B or any of its Affiliates or any purchases by a party to a derivative transaction with Party B or any of its Affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Party B reasonably believes would cause any purchases of Shares by Party A or any of its Affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act if such purchases were made by Party B.

(h) Party B will not engage in any "distribution" (as defined in Regulation M under the Exchange Act ("Regulation M")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(i) Party B is an "eligible contract participant" (as such term is defined in Section 1a(18) of the Commodity Exchange Act, as amended).

(j) In addition to any other requirements set forth herein, Party B agrees not to elect Cash Settlement or Net Share Settlement if, in the reasonable judgment of either Party A or Party B, such settlement or Party A's related market activity would result in a violation of the U.S. federal securities laws or any other federal or state law or regulation applicable to Party B.

(k) Party B (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least USD 50 million as of the date hereof.

(l) Party B acknowledges and agrees that:

(i) during the term of the Transaction, Party A and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction;

(ii) Party A and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to the Transaction;

(iii) Party A shall make its own determination as to whether, when or in what manner any hedging or market activities in Party B's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the 10b-18 VWAP;

(iv) any market activities of Party A and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price and 10b-18 VWAP, each in a manner that may be adverse to Party B; and

(v) the Transaction is a derivatives transaction in which it has granted Party A the right, under certain circumstances, to receive cash or Shares, as the case may be; Party A may purchase Shares for its own account at an average price that may be greater than, or less than, the effective price paid by Party B under the terms of the Transaction.

(m) Party B will notify Party A within five Exchange Business Days of obtaining knowledge of the occurrence of any event that would constitute a Potential Adjustment Event (or, if earlier, the date on which it publicly discloses such Potential Adjustment Event).

Covenant of Party B:

Subject to the provisions of "Private Placement Procedures" below, the parties acknowledge and agree that any Shares delivered by Party B to Party A on any Settlement Date will be newly issued Shares and when delivered by Party A (or an Affiliate of Party A) to securities lenders from whom Party A (or an Affiliate of Party A) borrowed Shares in connection with hedging its exposure to the Transaction will be freely saleable without further registration or other restrictions under the Securities Act, in the hands of those securities lenders (*provided* that such Shares may be subject to restrictions if the status of any such securities lender would cause any such resale restrictions to apply by virtue of such securities lender's share ownership in Party B, status as an Affiliate of Party B or otherwise), irrespective of whether such stock loan is effected by Party A or an Affiliate of Party A. Accordingly, subject to the provisions of "Private Placement Procedures" below, Party B agrees that the Shares that it delivers to Party A on each Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

Covenants of Party A:

(a) Unless the provisions set forth below under "Private Placement Procedures" shall be applicable, Party A shall use any Shares delivered by Party B to Party A on any Settlement Date to return Shares to securities lenders to close out open Share loans created by Party A or an Affiliate of Party A in the course of Party A's or such Affiliate's hedging activities related to Party A's exposure under this Confirmation.

(b) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Party A shall use its commercially reasonable efforts to conduct its activities, or cause its Affiliates to conduct their activities, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases.

Insolvency Filing:

Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing in respect of the Issuer, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing).

The parties hereto agree and acknowledge that (1) at any point prior to any Insolvency Filing in respect of the Issuer, Party B shall have the unilateral right to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading "Settlement Terms"; and (2) the Transaction shall automatically terminate on the date of any Insolvency Filing pursuant to the provisions set forth in the immediately preceding paragraph only if and to the extent that Party B failed to elect Physical Settlement of the Transaction pursuant to the provisions set forth above under the heading Settlement Terms prior to the relevant Insolvency Filing.

Extraordinary Dividends:

If an ex-dividend date for an Extraordinary Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Party B to Party A in settlement of the Transaction), Party B shall pay an amount, as determined by the Calculation Agent, in cash equal to the product of such Extraordinary Dividend and the Base Amount to Party A on the earlier of (i) the date on which such Extraordinary Dividend is paid by the Issuer to holders of record of the Shares or (ii) the Maturity Date. "Extraordinary Dividend" means the per Share amount of any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend.

Acceleration Events:

The following events shall each constitute an "Acceleration Event":

(a) Stock Borrow Events. In the good faith commercially reasonable judgment of Party A (i) Party A (or its Affiliate) is unable to hedge Party A's exposure to the Transaction because (A) of the lack of sufficient Shares being made available for Share borrowing by lenders, or (B) Party A (or an Affiliate of Party A) would incur a Stock Loan Fee to hedge its exposure to the Transaction that is greater than a rate of 200 basis points per annum (each, a "Stock Borrow Event");

(b) Dividends and Other Distributions. On any day occurring after August 5, 2025 Party B declares a distribution, issue or dividend to existing holders of the Shares of (i) any cash dividend (other than an Extraordinary Dividend) to the extent all cash dividends having an ex-dividend date during the period from and including any Forward Price Reduction Date (with August 5, 2025 being a Forward Price Reduction Date for purposes of this clause (b) only) to but excluding the next subsequent Forward Price Reduction Date exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I or (ii) share capital or securities of another issuer acquired or owned (directly or indirectly) by Party B as a result of a spin-off or other similar transaction or (iii) any other type of securities (other than Shares), rights or warrants or other assets, for payment (cash or other consideration) at less than the prevailing market price as reasonably determined by Party A;

(c) ISDA Early Termination Date. Party A has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement;

(d) Other ISDA Events. The announcement of any event that if consummated, would result in an Extraordinary Event or the occurrence of any Change in Law (other than as specified in clause (Y) of the definition thereof) or a Delisting; *provided* that in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the 2002 Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the Nasdaq Global Select Market or the Nasdaq Global Market (or their respective successors); and *provided further* that the definition of "Change in Law" provided in Section 12.9(a)(ii) of the 2002 Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of, the formal or informal interpretation", (ii) replacing the parenthetical beginning after the word "regulation" in the second line thereof the words "(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption, effectiveness or promulgation of new regulations authorized or mandated by existing statute)" and (iii) immediately following the word "Transaction" in clause (X) thereof, adding the phrase "in the manner contemplated by Party A on the Trade Date"; or

(e) Ownership Event. In the good faith, reasonable judgment of Party A, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (an "Ownership Event").

For purposes of clause (e) above, the "Share Amount" as of any day is the number of Shares that Party A and any of its Affiliates and any person whose ownership position would be aggregated with that of Party A, including any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part (Party A or any such person or group, a "Party A Person") under any law, rule, regulation, regulatory order or organizational documents or contracts of Party B that are, in each case, applicable to ownership of Shares ("Applicable Restrictions"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under any Applicable Restriction, as determined by Party A in its reasonable discretion. The "Post-Effective Limit" means (x) the minimum number of Shares that

would give rise to reporting or registration obligations (other than any filing under Section 13 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Party A Person, or would result in an adverse effect on a Party A Person, under any Applicable Restriction, as determined by Party A in its reasonable discretion (it being understood that reporting obligations under Section 13 or Section 16 of the Exchange Act and the rules and regulations thereunder, in each case, as in effect on the Trade Date, will not be deemed to have an adverse effect), *minus* (y) 1% of the number of Shares outstanding.

Materially Increased Costs:

Upon the occurrence of any Change in Law specified in clause (Y) of the definition thereof, Party A and Party B agree to negotiate in good faith for at least five Exchange Business Days (the "Amendment Period") to amend this Confirmation to take account of the resulting "materially increased cost" as such phrase is used in clause (Y) of the definition of "Change in Law." Such amendment may, if agreed by Party A and Party B, result in a Change in Law to which an Acceleration Event applies. If, after negotiating in good faith during the Amendment Period to so amend this Confirmation, Party A and Party B are unable to agree upon such an amendment, the relevant Change in Law specified in clause (Y) of the definition thereof shall constitute an Acceleration Event, notwithstanding any language in clause (d) under the heading "Acceleration Events" above to the contrary. The Calculation Agent may, in connection with a Termination Settlement following such Acceleration Event, reduce the Forward Price to compensate Party A for any "materially increased costs" incurred during the Amendment Period. Any Change in Law that results in Party A (or an Affiliate of Party A) incurring a Stock Loan Fee to hedge its exposure to the Transaction that is equal to or less than a rate equal to 200 basis points per annum shall not constitute a "materially increased cost" for purposes of clause (Y) of the definition of "Change in Law" (but may, for the avoidance of doubt, result in a reduction to the Forward Price pursuant to the provisions opposite the caption "Additional Adjustment" above).

Termination Settlement:

Upon the occurrence of any Acceleration Event, Party A shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "Termination Settlement Date") to which Physical Settlement shall apply, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares necessary to reduce the Share Amount to the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Party A shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Party A pursuant to the preceding sentence, Party B fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Party B, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Party A has unwound its hedge and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Party A in respect of such Termination Settlement Date.

Private Placement Procedures:

Notwithstanding anything to the contrary contained in Section 9.11 of the 2002 Definitions, if Party B is unable to comply with the provisions of "Covenant of Party B" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Party A otherwise determines that in its reasonable opinion based on the advice of counsel any Settlement Shares to be delivered to Party A by Party B may not be freely returned by Party A or its Affiliates to securities lenders as described under

"Covenant of Party B" above, then delivery of any such Settlement Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Party A; *provided* that Party A may not otherwise determine that the Settlement Shares are Restricted Shares based solely upon Party A or an Affiliate thereof not having borrowed and sold a number of Shares equal to the Base Amount on or before the Effective Date pursuant to the Registration Statement (as defined in the Underwriting Agreement) with delivery of the Prospectus (as defined in the Underwriting Agreement) if there has been no change in law or a change in the policy of the Securities and Exchange Commission or its staff.

Rule 10b5-1:

It is the intent of Party A and Party B that following any election of Cash Settlement or Net Share Settlement by Party B, the purchase of Shares by Party A during any Unwind Period comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

Party B acknowledges that (i) during any Unwind Period Party B does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Party A (or its agent or Affiliate) in connection with this Confirmation and (ii) Party B is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act, and Party B has acted and will act in good faith with respect to the foregoing.

Party B hereby agrees with Party A that during any Unwind Period Party B shall not communicate, directly or indirectly, any Material Non-Public Information (as defined herein) to any employee of Party A, other than Mariano Gaut, Saurabh Mehta, Michael Ripp, James Watts, Robert Han, Matthew Chiavaroli or any other designee confirmed in writing by Party A. For purposes of the Transaction, "Material Non-Public Information" means information relating to Party B or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Party B to its shareholders or in a press release, contained in a public filing made by Party B with the Securities and Exchange Commission, or otherwise disseminated in a manner permitted by the rules and regulations of the Securities and Exchange Commission, and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed "material" if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets, or other similar information.

Maximum Share Delivery:

Notwithstanding any other provision of this Confirmation, in no event will Party B be required to deliver on any Settlement Date, whether pursuant to Physical Settlement, Net Share Settlement, Termination Settlement or any Private Placement Settlement, more than a number of Shares equal to 150% of the initial Base Amount to Party A, subject to reduction by the amount of any Shares delivered by Party B on any prior Settlement Date.

Transfer and Assignment:

Party A may assign or transfer any of its rights or delegate any of its duties hereunder to any Affiliate of Party A that has at the time of such assignment or transfer the same or better creditworthiness as Party A so long as (a) any guarantee of Party A's obligations hereunder continues to remain in full force and effect with respect to such assignee or transferee, (b) such assignee or transferee is organized under the laws of the United States or any State thereof; (c) Party B will not be required to pay to such assignee or transferee an amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) of the Agreement greater than the amount in respect of which Party B would have been required to pay Party A in the absence of such assignment or

transfer; (d) Party B will not receive a payment from which an amount has been withheld or deducted on account of a Tax under Section 2(d)(i) of the Agreement in excess of that which Party A would have been required to so withhold or deduct in the absence of such assignment or transfer, unless Party A would be required to pay to Party B amounts under Section 2(d)(i)(4) of the Agreement in respect of such Tax; (e) no Event of Default, Potential Event of Default, Termination Event, Additional Adjustment or Acceleration Event will occur as a result of such assignment or transfer; (f) prior to such assignment or transfer, Party A shall have caused such assignee or transferee to make such payee tax representations and to provide such tax representations as may be reasonably requested by Party B to permit Party B to determine that the assignment or transfer complies with the requirements of this paragraph; and (g) such assignment or transfer will not cause a deemed exchange for Party B of the Transaction under Section 1001 of the Code (as defined below). Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Party A to purchase, sell, receive or deliver any Shares or other securities to or from Party B, Party A may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Party A's obligations in respect of the Transaction and any such designee may assume such obligations. Party A shall be discharged of its obligations to Party B to the extent of any such performance.

Indemnity:

Party B agrees to indemnify Party A and its Affiliates and their respective directors, officers, agents and controlling parties (Party A and each such Affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Party B in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable documented expenses (including reasonable documented legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, but only to the extent that the relevant loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court of competent jurisdiction to have resulted from such breach. Party B will not be liable under this Indemnity paragraph to the extent that any loss, claim, damage, liability or expense is found in a final and nonappealable judgment by a court to have resulted from Party A's gross negligence, fraud, willful misconduct or breach of this Confirmation or the Agreement.

Notice:

Non-Reliance:	Applicable.
Additional Acknowledgments:	Applicable.
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable.

4. The Agreement is further supplemented by the following provisions:

No Collateral or Setoff:

Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Party B hereunder are not secured by any collateral. Obligations under the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations under the Transaction, whether arising under the Agreement, this Confirmation, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff. In calculating any amounts under Section 6(e) of the Agreement, notwithstanding anything to the contrary in the Agreement, (a) separate amounts shall be calculated as set forth in such Section 6(e) with respect to (i) the Transaction and (ii) all other Transactions, and (b) such separate amounts shall be payable pursuant to Section 6(d)(ii) of the Agreement.

Status of Claims in Bankruptcy:

Party A acknowledges and agrees that this Confirmation is not intended to convey to Party A rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Party B; *provided*, *however*, that nothing herein shall limit or shall be deemed to limit Party A's right to pursue remedies in the event of a breach by Party B of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further*, that nothing herein shall limit or shall be deemed to limit Party A's rights in respect of any transaction other than the Transaction.

Limit on Beneficial Ownership:

Notwithstanding any other provisions hereof, Party A shall not be entitled to take delivery of any Shares deliverable hereunder (whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would exceed the Post-Effective Limit or (ii) the Section 16 Percentage would exceed 9.0%. If any delivery owed to Party A hereunder is not made, in whole or in part, as a result of this provision, Party B's obligation to make such delivery shall not be extinguished and Party B shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Party A gives notice to Party B that, after such delivery, and after taking into account any Shares concurrently deliverable to Party A pursuant to the Base Confirmation, (i) the Share Amount would not exceed the Post-Effective Limit and (ii) the Section 16 Percentage would not exceed 9.0%. The "Section 16 Percentage" as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that Party A and any of its Affiliates or any other person subject to aggregation with Party A for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act, or any "group" (within the meaning of Section 13 of the Exchange Act) of which Party A is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Party A hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Party A shall be permitted to make any payment due in respect of such Shares to Party B in two or more tranches that correspond in amount to the number of Shares delivered by Party B to Party A pursuant to the immediately preceding paragraph.

Wall Street Transparency and Accountability Act:

In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the "WSTAA"), the parties hereby agree that neither the enactment of the WSTAA or any regulation under the WSTAA, nor any requirement under the WSTAA or an amendment made by the WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Definitions incorporated herein, or the Agreement (including, but not limited to, rights arising from any Acceleration Event or Illegality (as defined in the Agreement)).

Miscellaneous:

(a) Addresses for Notices. For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Party A:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: Mariano Gaut, Managing Director
Telephone:
Email:

With a copy to:

To: Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas, 3rd Floor
New York, NY 10020

Attention: US Equity Derivative Notices
Telephone:
Email:

Address for notices or communications to Party B:

To: American Water Works Company, Inc.
1 Water Street
Camden, New Jersey 08102
Attention: Nicholas F. Furia, Vice President and Treasurer
Phone:
Email:

(b) Waiver of Right to Trial by Jury. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Confirmation. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Confirmation by, among other things, the mutual waivers and certifications herein.

Acknowledgements:

The parties hereto intend for:

(a) the Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "Bankruptcy Code"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate the Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) Party A to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code; and

(d) all payments for, under or in connection with the Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

If Party A is a bank regulated by the Federal Deposit Insurance Corporation, (i) Party A recognizes and intends that the Transaction is, and shall constitute, a "qualified financial contract" as that term is defined in 12 U.S.C. §1821(e)(8)(D)(i), as the same may be amended, modified, or supplemented from time to time; and (ii) Party A represents and warrants that it is authorized by appropriate corporate action under applicable law to enter into the Transaction as evidenced by the execution hereof by an officer of Party A at the level of vice president or higher.

Severability:

If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided*, *however*, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Tax Matters:

(a) For the purpose of Section 3(e) of the Agreement, each of Party A and Party B makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement and any other payments of interest) to be made by it to the other party under the Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement; (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; *provided* that it shall not be a breach of this representation where reliance is placed on clause (ii) of this paragraph and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(b) For the purpose of Section 3(f) of the Agreement:

(i) Party A makes the following representation(s):

(A) It is a U.S. limited liability company organized under the laws of the State of Delaware.

(B) For U.S. federal income tax purposes, it is a disregarded entity of Mizuho Americas LLC, a limited liability company organized under the laws of the State of Delaware. For U.S. federal income tax purposes, Mizuho Americas LLC has elected to be classified as a corporation.

(C) Mizuho Americas LLC is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of United States Treasury Regulations) for U.S. federal income tax purposes.

(ii) Party B makes the following representation(s):

(A) It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

(B) It is a corporation for U.S. federal income tax purposes and is organized under the laws of the State of Delaware, and is an exempt recipient under Section 1.6049-4(c)(1)(ii)(A) of the United States Treasury Regulations.

(c) For the purpose of Sections 4(a)(i) and (ii) of the Agreement, (x) Party B agrees to deliver to Party A one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto) and (y) Party A agrees to deliver to Party B one duly executed and completed United States Internal Revenue Service Form W-9 (or successor thereto).

(d) Withholding Tax imposed on payments to non-US counterparties under the United States Foreign Account Tax Compliance Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

(e) HIRE Act. "Tax" as used in subsection (a) of "Tax Matters" in this Confirmation and "Indemnifiable Tax", as defined in Section 14 of the Agreement, shall not include any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the Code or any regulations issued thereunder.

(f) 305(c) Dividend. In no event shall Party B be required to pay an additional amount to Party A under Section 2(d)(i)(4) of the Agreement in respect of any amounts treated as dividends under Section 305(c) of the Code.

Delivery of Cash:

For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Party B to deliver cash in respect of the settlement of the Transaction, except in circumstances where the required cash settlement thereof is permitted for classification of the contract as equity by ASC 815-40-25 (formerly EITF 00-19) as in effect on the Trade Date (including, without limitation, where Party B so elects to deliver cash or fails timely to elect to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting (i) the Private Placement Procedures set forth in Annex A hereto, (ii) the payment of cash pursuant to the provisions set forth in Section 3 under the heading "Extraordinary Dividends" or (iii) any damages that may be payable by Party B as a result of breach of this Confirmation.

Other Forwards:

Party A acknowledges that Party B has entered into two substantially identical forward transactions for the Shares on the date hereof (the "Other Additional Forwards") with Wells Fargo Bank, National Association and JPMorgan Chase Bank, National Association (the "Other Forward Counterparties"). Party A additionally acknowledges that Party B has entered into two substantially identical forward transactions for the Shares with a trade date of August 5, 2025 (the "Other Base Forwards" and, together with the Other Additional Forwards, the "Other Forwards") with each of the Other Forward Counterparties. Party A and Party B agree that if Party B designates a Settlement Date with respect to any of the Other Forwards and for which Cash Settlement or Net Share Settlement is applicable, and the resulting "Unwind Period" for any such Other Forward coincides for any period of time with an Unwind Period for the Transaction (the "Overlap Unwind Period"), Party B shall give written notice to Party A prior to the commencement of such Overlap Unwind Period (which written notice shall indicate whether the relevant Overlap Unwind Period coincides with an "Unwind Period" under Other Forwards with one or both of the Other Forward Counterparties), and Party A shall only be permitted to purchase Shares to unwind its hedge in respect of the Transaction on, and the resulting Unwind Period shall include only, every second Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with an "Unwind Period" under one or more Other Forwards with one (but only one) of the Other Forward Counterparties), or every third Exchange Business Day that is not a Suspension Day during such Overlap Unwind Period (in the case of an Overlap Unwind Period that coincides with "Unwind Periods" under two or more Other Forwards with both of the Other Forward Counterparties), in each case, as notified by Party B, commencing on the first, second or third Exchange Business Day of such Overlap Unwind Period, as notified by Party B (each such Exchange Business Day on which Party A shall be permitted to purchase Shares in accordance with this paragraph, an "Overlap Observation Day"). For the avoidance of doubt, the operation of this "Other Forwards" provision shall not be deemed to give rise to a Disrupted Day or other adjustment to the Transaction.

Parent Guarantee of Party A:

Mizuho Bank, Ltd. ("Parent"), a banking corporation organized and existing under the laws of Japan, shall fully and unconditionally guarantee all obligations of Party A under this Confirmation and shall execute a guarantee in favor of Party B in a form previously provided to Party B and consistent with parent guarantees customarily provided in respect of Party A's obligations no later than the fifth Exchange Business Day following the Trade Date. Such guarantee shall be a Credit Support Document with respect to Party A and Parent shall be a Credit Support Provider with respect to Party A.

Additional Provisions:

(a) Matters Related to Agent.

(i) Agent has received or will receive other remuneration from Party A in relation to the Transaction. The amount and source of such other remuneration will be furnished upon written request.

(ii) Party B understands and agrees that Agent will act as agent for both parties with respect to the Transaction and has no obligation, by way of issuance, endorsement, guarantee or otherwise with respect to the performance of either party under the Transaction. Agent shall have no responsibility or personal liability to Party B arising from any failure by Party A to pay or perform any obligations hereunder or to monitor or enforce compliance by Party A or Party B with any obligation hereunder. Agent is so acting solely in its capacity as agent for Party B and Party A pursuant to instructions from Party B and Party A. Each of Party A and Party B agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of the Transaction.

(b) Notices.

(i) Notwithstanding any provisions of the Agreement, all communications relating to the Transaction or the Agreement shall be transmitted exclusively through Agent at the address provided under "Miscellaneous" in Section 4 above.

(ii) Party A hereby provides notice that the Securities Investor Protection Act of 1970 does not protect Party B and Party A is not a member of the Securities Investor Protection Corporation.

5. Regulatory Provisions:

U.S. Resolution Stay Protocol:

The parties agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the "Protocol"), the terms of the Protocol are incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as Regulated Entity and/or Adhering Party as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the "Bilateral Agreement"), the terms of the Bilateral Agreement are incorporated into and form a part of the Agreement and each party shall be deemed to have the status of "Covered Entity" or "Counterparty Entity" (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the "Bilateral Terms") of the form of bilateral template entitled "Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)" published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and, a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of the Agreement, and for such purposes the Agreement shall be deemed a "Covered Agreement," Party A shall be deemed a "Covered Entity" and Party B shall be deemed a "Counterparty Entity." In the event that, after the date of the Agreement, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this paragraph. In the event of any inconsistencies between the Agreement and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the "QFC Stay Terms"), as applicable, the QFC Stay Terms will govern. Terms used in this paragraph without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this paragraph, references to "the Agreement" include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this paragraph shall be incorporated into any related covered affiliate credit enhancements, with all references to Party A replaced by references to the covered affiliate support provider.

"QFC Stay Rules" means the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.

[Remainder of page intentionally left blank]

Please confirm that the foregoing correctly sets forth the terms of our agreement by signing and returning this Confirmation.

Yours faithfully,

MIZUHO MARKETS AMERICAS LLC

By: /s/ MATTHEW E. CHIAVAROLI
Name: Matthew E. Chiavaroli
Title: Authorized Signatory

MIZUHO SECURITIES USA LLC
Acting solely as Agent in connection with this Confirmation

By: /s/ JAMES J. WATTS
Name: James J. Watts
Title: Authorized Signatory

Confirmed as of the date first written above:

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[*Signature Page to Additional Base Confirmation*]

ANNEX A

PRIVATE PLACEMENT PROCEDURES

(i) If Party B delivers the Restricted Shares pursuant to this clause (i) (a "Private Placement Settlement"), then delivery of Restricted Shares by Party B shall be effected in customary private placement procedures with respect to such Restricted Shares reasonably acceptable to Party A; *provided* that if, on or before the date that a Private Placement Settlement would occur, Party B has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Party B to Party A (or any Affiliate designated by Party A) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Party A (or any such Affiliate of Party A) or Party B fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Party B and Section 6 of the Agreement shall apply. The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Party A, due diligence rights (for Party A or any designated buyer of the Restricted Shares by Party A), opinions and certificates, and such other documentation as is customary for private placement agreements, all reasonably acceptable to Party A. In the case of a Private Placement Settlement, Party A shall, in its good faith discretion, adjust the number of Restricted Shares to be delivered to Party A hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Party A and may only be saleable by Party A at a discount to reflect the lack of liquidity in Restricted Shares based on actual charges or discounts given. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Party A to Party B of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the Settlement Date or Termination Settlement Date that would otherwise be applicable.

(ii) If Party B delivers any Restricted Shares in respect of the Transaction, Party B agrees that (i) such Shares may be transferred by and among Party A and its Affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Party B shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Party A (or such Affiliate of Party A) to Party B or such transfer agent of seller's and broker's representation letters customarily delivered by Party A or its Affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Party A (or such Affiliate of Party A).

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 26, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(d) On August 26, 2025 (the "Effective Date"), the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company") increased the size of the Board from nine to ten members. Upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed Lisa A. Grow as an independent director, effective as of the Effective Date and for a term ending on the date of the Company's 2026 Annual Meeting of Shareholders, or until her earlier death, resignation or removal. Upon the recommendation of the Nominating Committee, the Board appointed Ms. Grow to the Nominating Committee and the Safety, Environmental, Technology and Operations Committee of the Board.

In accordance with the Board's compensation arrangements currently in effect, Ms. Grow will receive an annual cash retainer of $120,000, payable quarterly and prorated for the director's initial term of service, as well as reimbursement for expenses incurred in attending Board and committee meetings and reimbursement for attending one continuing director education program per year. On the Effective Date, Ms. Grow was also granted an award of director stock units under the Company's 2017 Omnibus Equity Compensation Plan, each of which represents an immediately vested contractual right to receive one share of the Company's common stock. The stock units represent the prorated portion of $175,000 in annual equity compensation for her initial term of service. Shares of Company common stock underlying this award are to be distributed to Ms. Grow within 30 days after the date of grant. Under the Company's non-employee director stock ownership policy, by August 2030, Ms. Grow is required to hold shares with a value of at least five times her annual cash retainer.

Ms. Grow has no direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K. Other than as described above, there are no arrangements or understandings between Ms. Grow and any other person, pursuant to which the director was selected as such.

Item 7.01. Regulation FD Disclosure.

On August 27, 2025, the Company issued a press release announcing the election of Ms. Grow as an independent member of the Board. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in response to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Press Release, dated August 27, 2025, issued by the Company.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: August 27, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

American Water Appoints New Independent Member to the Board of Directors

CAMDEN, N.J., AUGUST 27, 2025 – American Water Works Company, Inc. (NYSE: AWK) announced today that on August 26, 2025, Lisa A. Grow was appointed as an independent member of the company's board of directors, effective immediately.

"American Water is pleased to have Lisa join our board of directors," said Karl Kurz, Board Chair of American Water. "Bringing nearly four decades of experience in the utility industry, coupled with her deep regulatory, customer and operational expertise, Lisa will further strengthen our board, and we look forward to working with her."

“We are honored to have Lisa join American Water's board," said John Griffith, President and CEO of American Water. "She has deep and extensive expertise in the utility sector and her commitment to safety, excellent customer service and high performing teams will bring great value to the board and our company.”

Dedicating her entire 38-year career to Idaho Power, Grow has been President and Chief Executive Officer of IDACORP and Idaho Power since June 2020 and President of Idaho Power since October 2019. She was appointed to the IDACORP and Idaho Power Company boards of directors in February 2020. Prior to becoming President of Idaho Power, Grow served as Idaho Power’s Senior Vice President and Chief Operating Officer beginning in April 2016.

She also currently serves as board chair of the St. Luke’s Health System Board of Directors headquartered in Boise, Idaho, and was recently appointed for a second three-year term with the board of directors of the Salt Lake City branch of the Federal Reserve Bank of San Francisco, where she also serves as chair of the board.

Grow received a Bachelor of Science degree in electrical engineering from the University of Idaho and a Master of Business Administration degree from Boise State University.

American Water’s board of directors now consists of ten members, nine of whom are independent.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water’s 6,700 talented professionals leverage their significant expertise and the company’s national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

Press Release

AMERICAN WATER

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

AWK-IR

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Vice President, Investor Relations
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Executive Vice President, Communications and External Affairs
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 26, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☒ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01. Entry into a Material Definitive Agreement.

Execution of Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, American Water Works Company, Inc. ("American Water" or the "Company"), Alpha Merger Sub, Inc., a direct wholly owned subsidiary of the Company ("Merger Sub"), and Essential Utilities, Inc. ("Essential"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement, which has been unanimously approved by the present members of the Board of Directors of each of American Water and Essential, provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Essential (the "Merger"), with Essential surviving the Merger as a wholly owned subsidiary of American Water. Subject to the terms and conditions of the Merger Agreement, at the time at which the Merger becomes effective (the "Effective Time"), each share of common stock, par value $0.50 per share, of Essential ("Essential Common Stock"), issued and outstanding immediately prior to the Effective Time, other than any shares of Essential Common Stock owned by American Water or Merger Sub or by Essential as treasury stock (in each case, other than restricted shares), will be converted into the right to receive 0.305 shares (the "Exchange Ratio") of validly issued, fully paid and nonassessable common stock, par value $0.01 per share, of American Water ("American Water Common Stock") (the aggregate number of such shares of American Water Common Stock to be issued in the Merger, the "Merger Consideration").

The Merger Agreement provides for the treatment of outstanding equity awards of Essential, depending on the type of award. Under the Merger Agreement, at the Effective Time, (i) each outstanding option to acquire Essential Common Stock, whether vested or unvested, will be converted into an adjusted option to acquire a number of shares of American Water Common Stock determined by applying the Exchange Ratio to the number of shares of Essential Common Stock that may be acquired thereunder, with an adjusted exercise price determined by applying the Exchange Ratio to the exercise price of such option, and otherwise on the same terms and conditions as the original option to acquire Essential Common Stock, except that any performance-based vesting conditions will no longer apply to the adjusted option; (ii) each outstanding restricted share of Essential Common Stock will be converted into a number of adjusted restricted shares of American Water Common Stock as determined by applying the Exchange Ratio and otherwise on the same terms and conditions as the original restricted share of Essential Common Stock; (iii) each outstanding time-based restricted stock unit ("RSU") award in respect of Essential Common Stock will be converted into an adjusted number of time-based RSU awards in respect of American Water Common Stock as determined by applying the Exchange Ratio and otherwise on the same terms and conditions as the original time-based RSU award in respect of Essential Common Stock; and (iv) each outstanding performance-based restricted stock unit award ("PSU") in respect of Essential Common Stock (for ongoing performance periods, as determined based on the greater of target and actual performance through the Effective Time) will be converted into an adjusted number of time-based RSU awards in respect of American Water Common Stock by applying the Exchange Ratio and otherwise on the same terms and conditions as the original PSU award in respect of Essential Common Stock, except that any performance-based vesting conditions will no longer apply to the adjusted RSU awards.

American Water, Merger Sub and Essential have each made customary representations, warranties and covenants in the Merger Agreement, including covenants not to solicit alternative transactions and, subject to certain exceptions, not to participate in discussions or negotiations regarding, or furnish non-public information in connection with, a proposal or offer with respect to an alternative transaction. Until the Effective Time, each of American Water, Merger Sub and Essential has agreed to operate its business in the ordinary course of business consistent with past practice in all material respects and has agreed to certain other restrictive covenants. Additionally, American Water's Board of Directors and Essential's Board of Directors are each required to recommend the approval of the applicable Merger-related proposals to its respective shareholders, subject to certain exceptions.

Consummation of the Merger is subject to certain customary conditions, including, without limitation: (i) approval by American Water's shareholders of the issuance of the shares of American Water Common Stock to be issued as Merger Consideration in the Merger; (ii) approval of the Merger Agreement by Essential's shareholders; (iii) the authorization for listing of shares of American Water Common Stock to be issued as Merger Consideration in the Merger on the New York Stock Exchange; (iv) receipt of certain governmental approvals, including (a) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (b) the approval of certain public utility commissions, in each case on such terms and conditions that would not, individually or in the aggregate, result in a "Burdensome Effect" (as defined in the Merger Agreement); (v) the absence of any law or judgment prohibiting the consummation of the Merger; (vi) the effectiveness of a registration statement on Form S-4 to be filed by American Water to register the shares of American Water Common Stock to be issued as Merger Consideration in the Merger; (vii) the accuracy of the representations and warranties of the parties (subject to customary materiality qualifiers); (viii) each party's performance in all material respects of its obligations contained in the Merger Agreement; and (ix) the absence of any "Parent Material Adverse Effect" or "Company Material Adverse Effect" (in each case, as defined in the Merger Agreement) on American Water or Essential, as applicable, since the date of the Merger Agreement.

The Merger Agreement contains certain customary termination rights for American Water and Essential, including, without limitation, if the Merger is not consummated on or before April 26, 2027, which date may be extended for a period of three months up to two times, until October 26, 2027 at the latest, in specified circumstances and subject to certain conditions and if necessary to obtain required regulatory approvals. Upon termination of the Merger Agreement under specified circumstances, including a change in the recommendation of Essential's or American Water's Board of Directors, the termination by Essential or American Water in order to accept a superior proposal with respect to an alternative transaction, or Essential or American Water entering into a definitive agreement in respect of a competing transaction within 12 months of termination of the Merger Agreement in certain circumstances involving a potential competing transaction proposal, Essential will be required to pay American Water a cash termination fee of $370 million or American Water will be required to pay Essential a cash termination fee of $835 million.

The Merger Agreement provides that, upon consummation of the Merger, American Water's Board of Directors shall be comprised of 15 directors, including the 10 directors serving on American Water's Board of Directors at the Effective Time and five directors selected by Essential from directors on Essential's Board of Directors as of the date of the Merger Agreement, and following reasonable consultation with American Water. American Water's Board Chair will continue to serve in such role following the consummation of the Merger. Upon the consummation of the Merger, John C. Griffith will continue to serve as a director and President and Chief Executive Officer of American Water, and Christopher H. Franklin, Essential's current Chairman of the Board of Directors and Chief Executive Officer, will serve as Executive Vice Chair of American Water's Board of Directors for a period of two years following the Effective Time. The foregoing reflects expected changes to the Company's directors and officers as reflected in terms of the Merger Agreement, which changes are proposed to occur upon the Effective Time; however, these provisions do not constitute the removal, resignation, appointment or election of a director or any officer, and no approval of these expected changes has occurred.

The Merger Agreement provides that American Water will retain its current name, maintain its headquarters and principal corporate office in Camden, New Jersey, and maintain substantial operations in Pennsylvania.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Merger Agreement, which is attached hereto as Exhibit 2.1 and the terms of which are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On October 27, 2025, American Water and Essential issued a joint press release announcing the execution of the Merger Agreement. A copy of the joint release is furnished as Exhibit 99.1. On October 27, 2025, American Water and Essential also released a joint investor presentation relating to the Merger. A copy of the investor presentation is furnished as Exhibit 99.2.

The information furnished in response to this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall such information be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
2.1*	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc.
99.1**	Joint Press Release, dated October 27, 2025, issued by American Water Works Company, Inc. and Essential Utilities, Inc.
99.2**	Joint Investor Presentation of American Water Works Company, Inc. and Essential Utilities, Inc., as of October 27, 2025.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith. Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish the omitted schedules and exhibits to the Securities and Exchange Commission (the "SEC") upon request.

** Furnished herewith.

The Merger Agreement filed as Exhibit 2.1 herewith has been included to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about American Water or Essential, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Merger Agreement (i) were made by the parties thereto only for purposes of that agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the Merger Agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosure schedules exchanged between the parties in connection with the execution of the Merger Agreement (such disclosure schedules having included information in each party's public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of American Water or Essential, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the Merger Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in American Water's public disclosures. The Merger Agreement should not be read alone, but should instead be read in conjunction with the other information regarding American Water that is or will be contained in, or incorporated by reference into, the reports and other documents that are or to be filed by American Water with the SEC.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibits thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: statements about the benefits of the proposed merger, including future financial and operating results; the parties' respective plans, objectives, expectations and intentions; the expected timing and likelihood of completion of the merger and related transactions; the results of any strategic review; expected synergies of the proposed merger; the timing and result of various regulatory proceedings related to the proposed merger, and other general rate cases, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the combined company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the amount, allocation and timing of projected capital expenditures and related funding requirements; the future impacts of increased or increasing transaction and financing costs associated with the proposed merger or otherwise, as well as inflation and interest rates; each party's ability to finance current and projected operations, capital expenditure needs and

growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; impacts of the proposed merger on the future settlement or settlements of a party's forward sale agreements, including potential adjustments to the forward sale price or other economic terms thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on other governmental and regulatory investigations; the filing of class action lawsuits and other litigation and legal proceedings related to the proposed merger; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; each party's ability to comply with new and changing environmental regulations; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on each such party and on its business, results of operations, cash flows and liquidity.

These forward-looking statements are predictions based on currently available information, the parties' current respective expectations and assumptions regarding future events that American Water and Essential believe to be reasonable. They are not, however, guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. You should not regard any forward-looking statement as a representation or warranty by American Water, Essential or any other person that the expectation, plan or objective expressed in such forward-looking statement will be successfully achieved in any specified time frame, or at all. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 19, 2025 (available at: ir.amwater.com), Essential's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 27, 2025 (available at: essential.co), and each party's other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) the ability to timely or at all obtain the requisite shareholder approvals with respect to each party; (3) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (4) an event, change or other circumstance that could give rise to the termination of the merger agreement; (5) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (6) a delay in the timing to consummate the proposed merger; (7) the failure to integrate the parties' businesses successfully; (8) the failure to fully realize cost savings and any other synergies from the proposed merger or that such benefits may take longer to realize than expected; (9) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential's common stock; (10) the risk of litigation related to the proposed merger; (11) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (12) the diversion of each party's management's time and attention from operations of such party; (13) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (14) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operation and maintenance costs; (15) changes in environmental laws and regulations regarding each party's respective operations that may adversely impact such party's businesses or increase the cost of operations; (16) changes in each party's key management and personnel; (17) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (18) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (19) other economic, business and other factors, including inflation and interest rate fluctuations. The foregoing factors should not be construed as exhaustive.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's and Essential's respective annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. Neither American Water nor Essential has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential's businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Important Additional Information about the Proposed Merger and Where to Find It

In connection with the proposed merger, American Water will file a registration statement on Form S-4, which will include a document that serves as a prospectus of American Water with respect to the shares of American Water's common stock to be issued in the proposed merger and a joint proxy statement of American Water and Essential for their respective shareholders (the "joint proxy statement/prospectus"), and each party will file other documents regarding the proposed merger

with the SEC. This communication is not a substitute for the registration statement, the joint proxy statement/prospectus or any other document that American Water or Essential may file with the SEC or mail to their respective shareholders in connection with the proposed merger. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF EACH PARTY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS OR SUPPLEMENTS THERETO AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** A definitive joint proxy statement/prospectus will be sent to American Water's and Essential's shareholders. Investors and security holders will be able to obtain the registration statement, the joint proxy statement/prospectus and the other documents filed regarding the proposed merger free of charge from the SEC's website or from American Water or Essential. The documents filed by American Water with the SEC may be obtained free of charge at American Water's investor relations website at ir.amwater.com or at the SEC's website at www.sec.gov. The documents filed by Essential with the SEC may be obtained free of charge at Essential's website at essential.co or at the SEC's website at www.sec.gov. The information included on, or accessible through, American Water's or Essential's respective websites is not incorporated by reference into, and does not form a part of, this Current Report on Form 8-K.

Participants in the Solicitation

American Water, Essential and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from American Water's and Essential's respective shareholders in connection with the proposed merger. Information about the directors and executive officers of American Water, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in American Water's definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 27, 2025, including under the headings "Compensation Discussion and Analysis," "Director Compensation," "Equity Compensation Plan Information," and "Certain Beneficial Ownership Matters." To the extent holdings of American Water's common stock by the directors and executive officers of American Water have changed or do change from the amounts of American Water's common stock held by such persons as reflected therein, such changes have been or will be reflected on Initial Statements of Beneficial Ownership of Securities on Form 3 ("Form 3"), Statements of Changes in Beneficial Ownership on Form 4 ("Form 4") or Annual Statements of Changes in Beneficial Ownership of Securities on Form 5 ("Form 5"), in each case filed with the SEC. Information about the directors and executive officers of Essential, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Essential's definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2025, including under the headings "Director Compensation" and "Compensation Discussion and Analysis." To the extent holdings of Essential's common stock by the directors and executive officers of Essential have changed or do change from the amounts of Essential's common stock held by such persons as reflected therein, such changes have been or will be reflected on Forms 3, Forms 4 or Forms 5, in each case filed with the SEC. Additionally, information regarding the respective directors and executive officers of American Water and Essential and other participants in each respective proxy solicitation and a description of their direct and indirect interests in the proposed merger, by security holdings or otherwise, will be contained in the registration statement and joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed merger when such materials become available. Investors and security holders should read the registration statement and joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. Investors may obtain free copies of these documents from American Water and Essential as indicated above.

No Offer or Solicitation

This Current Report on Form 8-K is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote for approval, nor shall there be any offer or sale of securities or solicitation of any vote or approval in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: October 27, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

AMERICAN WATER WORKS COMPANY, INC.,

ALPHA MERGER SUB, INC.

and

ESSENTIAL UTILITIES, INC.

Dated as of October 26, 2025

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of October 26, 2025 (this "Agreement"), is by and among American Water Works Company, Inc., a Delaware corporation ("Parent"), Alpha Merger Sub, Inc., a Pennsylvania corporation and a wholly owned subsidiary of Parent ("Merger Sub"), and Essential Utilities, Inc., a Pennsylvania corporation (the "Company" and, together with Parent and Merger Sub, the "Parties" and each, a "Party").

WITNESSETH:

WHEREAS, the Parties intend that Merger Sub be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent;

WHEREAS, the Board of Directors of the Company (the "Company Board") has unanimously adopted resolutions (a) determining that it is advisable, fair to and in the best interests of the Company and its shareholders to enter into this Agreement and to consummate the transactions contemplated hereby, including the Merger (collectively, the "Transactions"), (b) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger, (c) directing that this Agreement be submitted to a vote of the Company's shareholders entitled to vote thereon at a duly held meeting of the Company's shareholders for such purpose (the "Company Shareholder Meeting") and (d) recommending that the Company's shareholders adopt and approve this Agreement;

WHEREAS, the Board of Directors of Parent (the "Parent Board") has, by the affirmative vote of all directors present, adopted resolutions (a) determining that the Transactions, including the Merger and the Parent Common Stock Issuance, are advisable, fair to and in the best interests of Parent and its stockholders, (b) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger and the Parent Common Stock Issuance, (c) directing that the Parent Common Stock Issuance be submitted to Parent's stockholders for approval and (d) recommending that Parent's stockholders approve the Parent Common Stock Issuance;

WHEREAS, the board of directors of Merger Sub has unanimously approved and declared advisable this Agreement and the Transactions, including the Merger, and Parent has executed and not revoked or withdrawn a shareholder consent which adopts and approves this Agreement and the Transactions, including the Merger, as the sole shareholder of Merger Sub;

WHEREAS, for U.S. federal income tax purposes, it is intended that the Merger will constitute a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code (the "Code"); and

WHEREAS, the Parties desire to make certain representations, warranties, covenants and agreements specified herein in connection with the Transactions and also to prescribe certain conditions to the Transactions.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I

THE MERGER

Section 1.1 The Merger. At the Effective Time, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the applicable provisions of the Pennsylvania Business Corporation Law of 1988 (the "PBCL"), the Pennsylvania Entity Transactions Law (the "PETL") and the other applicable parts of the Pennsylvania Associations Code (together with the PBCL and the PETL, the "Pennsylvania Entity Laws"), Merger Sub shall be merged with and into the Company, whereupon the separate existence of Merger Sub shall cease, and the Company shall continue its existence under the Pennsylvania Entity Laws as the surviving corporation in the Merger (the "Surviving Corporation") and a wholly owned subsidiary of Parent.

Section 1.2 Closing. Unless this Agreement has been terminated in accordance with Section 7.1, the closing of the Merger (the "Closing") shall take place at 10:00 a.m. Eastern Time on a date no later than the third (3rd) Business Day after the satisfaction or waiver (to the extent permitted under applicable Law) of all of the conditions to the Closing set forth in Article VI (except for those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions), unless another time, date or place is mutually agreed to in writing by the Company and Parent. The Closing shall be effected remotely via telecommunication and, to the maximum extent practical, the digital exchange of documents and instruments. The date on which the Closing occurs is referred to herein as the "Closing Date."

Section 1.3 Effective Time. Subject to the provisions of this Agreement, on the Closing Date, the Company and Merger Sub shall file a statement of merger providing for the Merger (the "Statement of Merger"), in each case in a form mutually agreed upon by Parent and the Company (acting reasonably), executed in accordance with, and containing such information as is required by, the relevant provisions of the Pennsylvania Entity Laws, with the Department of State of the Commonwealth of Pennsylvania (the "Pennsylvania DOS"). The Merger shall become effective at the time and on the date the Statement of Merger is duly filed with and accepted by the Pennsylvania DOS, or at such later time as is agreed by the Parties and specified in the Statement of Merger in accordance with the relevant provisions of the Pennsylvania Entity Laws (such date and time is hereinafter referred to as the "Effective Time").

Section 1.4 Effects of the Merger. The effects of the Merger shall be as provided in this Agreement and in the applicable provisions of the Pennsylvania Entity Laws. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all property, rights, privileges, immunities, powers, franchises, licenses and authority of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions and duties of each of the Company and Merger Sub shall become the debts, liabilities, obligations, restrictions and duties of the Surviving Corporation, all as provided under the Pennsylvania Entity Laws.

Section 1.5 Organizational Documents of the Surviving Corporation.

(a) Articles of Incorporation. As of the Effective Time, by virtue of the Merger and without any action by any Party or any other Person, the articles of incorporation of the Company in effect immediately prior to the Effective Time shall be amended and restated in their entirety in the form set forth on Exhibit A (with, to the fullest extent permitted by applicable Law, such changes as Parent and the Company may agree in writing prior to the Effective Time), and as so amended and restated, shall be the articles of incorporation of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

(b) Bylaws. The Parties shall take all necessary action such that, as of the Effective Time, the bylaws of the Company in effect immediately prior to the Effective Time shall be amended and restated in their entirety in the form set forth on Exhibit B (with, to the fullest extent permitted by applicable Law, such changes as Parent and the Company may agree in writing prior to the Effective Time), and as so amended and restated, shall be the bylaws of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

Section 1.6 Directors and Officers of the Surviving Corporation.

(a) Directors. The Parties shall take all necessary action such that, as of the Effective Time, the directors of Merger Sub as of immediately prior to the Effective Time shall be the directors of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

(b) Officers. The Parties shall take all necessary action such that, as of the Effective Time, the officers of Merger Sub as of immediately prior to the Effective Time shall be the officers of the Surviving Corporation, until the earlier of their resignation or removal or until their respective successors are duly elected or qualified or appointed, as the case may be.

Section 1.7 Organizational Documents of Parent.

(a) Certificate of Incorporation. The certificate of incorporation of Parent in effect immediately prior to the Effective Time shall remain in effect and not be amended, restated, supplemented or otherwise modified as a result of the Merger or the other Transactions, until thereafter amended as provided therein or by applicable Law.

(b) Bylaws. The bylaws of Parent in effect immediately prior to the Effective Time shall remain in effect and not be amended, restated, supplemented or otherwise modified as a result of the Merger or the other Transactions, until thereafter amended as provided therein or by applicable Law.

Section 1.8 Directors and Officers of Parent.

(a) Directors. Prior to the Effective Time, Parent shall take all necessary action to implement the Parent Board, Parent Board committee and other related matters set forth in Exhibit C, in each case, in accordance with the provisions of Exhibit C.

(b) Officers. Unless otherwise mutually agreed in writing by Parent and the Company after the date of this Agreement:

(i) the chief executive officer of Parent as of immediately prior to the Effective Time (the "Parent CEO"); and

(ii) the individuals serving in executive vice president and senior executive positions of Parent who report to the Parent CEO as of immediately prior to the Effective Time,

in the case of (i) and (ii), shall continue in such positions as of the Effective Time until the earlier of such individual's resignation or removal or until their respective successors are duly elected or qualified or appointed, as the case may be. Parent shall take all necessary action such that, as of the Effective Time, the individuals set forth on Exhibit D shall hold senior executive-level positions of Parent as of the Effective Time, in accordance with the provisions of Exhibit D.

ARTICLE II

CONVERSION OF SHARES; EXCHANGE OF CERTIFICATES AND BOOK-ENTRY SHARES

Section 2.1 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any Party or any other Person:

(a) Conversion of Company Common Stock. Subject to Sections 2.1(b), 2.1(d) and 2.3, each share of common stock, par value $0.50 per share, of the Company issued and outstanding immediately prior to the Effective Time (such shares, collectively, "Company Common Stock"), other than any Canceled Shares, shall thereupon be converted automatically into and shall thereafter represent the right to receive 0.305 (the "Exchange Ratio") validly issued, fully paid and nonassessable shares of common stock, par value $0.01 per share, of Parent ("Parent Common Stock," and such per-share amount, the "Merger Consideration"). As a result of the Merger, at the Effective Time, each holder of shares of Company Common Stock shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration payable in respect of such shares of Company Common Stock which are issued and outstanding immediately prior to the Effective Time, any cash in lieu of fractional shares of Parent Common Stock payable pursuant to Section 2.1(d) and any dividends or other distributions payable pursuant to Section 2.2(c), all to be issued or paid, without interest, in consideration therefor upon the surrender of such shares of Company Common Stock in accordance with Section 2.2(b).

(b) Cancellation of Shares of Common Stock. Each share of Company Common Stock that is owned by Parent or Merger Sub, if any, immediately prior to the Effective Time or owned by the Company as treasury stock, if any, immediately prior to the Effective Time (in each case, other than the Company Restricted Shares) (the "Canceled Shares") shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered in exchange for such cancellation.

(c) Conversion of Merger Sub Common Stock. Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one (1) validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

(d) Fractional Shares.

(i) No fractional shares of Parent Common Stock shall be issued upon the conversion of Company Common Stock pursuant to Section 2.1(a). In lieu of receiving any such fractional share interests, each holder of shares of Company Common Stock otherwise entitled to a fractional share of Parent Common Stock will be entitled to receive, from the Exchange Agent in accordance with the provisions of this Section 2.1(d), a cash payment in lieu of such fractional share of Parent Common Stock representing such holder's proportionate interest, if any, in the proceeds from the sale by the Exchange Agent (reduced by any fees of the Exchange Agent attributable to such sale) in one or more transactions of shares of Parent Common Stock equal to the excess of (A) the aggregate number of shares of Parent Common Stock to be delivered to the Exchange Agent by Parent pursuant to Section 2.2(a) representing the Merger Consideration over (B) the aggregate number of whole shares of Parent Common Stock to be distributed to the holders of shares of Company Common Stock pursuant to Section 2.2(b) (such excess being herein called the "Excess Shares"). The Parties acknowledge that payment of the cash consideration in lieu of issuing fractional shares of Parent Common Stock was not separately bargained-for consideration but merely represents a mechanical rounding off for purposes of avoiding the expense and inconvenience to Parent that would otherwise be caused by the issuance of fractional shares of Parent Common Stock. As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of shares of Company Common Stock that would otherwise receive fractional shares of Parent Common Stock, shall sell the Excess Shares at the then-prevailing prices on the New York Stock Exchange (the "NYSE") in the manner provided in the following paragraph.

(ii) The sale of the Excess Shares by the Exchange Agent shall be executed on the NYSE through one or more member firms of the NYSE and shall be executed in round lots to the extent reasonably practicable. Until the net proceeds of such sale or sales have been distributed to the holders of shares of Company Common Stock, the Exchange Agent shall hold such net proceeds in trust for the holders of shares of Company Common Stock that would otherwise receive fractional shares of Parent Common Stock (the "Common Shares Trust"). The Exchange Agent shall determine the portion of the Common Shares Trust to which each holder of shares of Company Common Stock shall be entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Common Shares Trust (after the sale of all Excess Shares) by a fraction, the numerator of which is the amount of the fractional shares to which such holder of shares of Company Common Stock would otherwise be entitled and the denominator of which is the aggregate amount of fractional shares to which all holders of shares of Company Common Stock would otherwise be entitled.

(iii) As soon as reasonably practicable after the determination of the amount of cash, if any, to be paid to holders of shares of Company Common Stock in lieu of any fractional shares of Parent Common Stock, the Exchange Agent shall make available such amounts to such holders of shares of Company Common Stock without interest, subject to and in accordance with Section 2.2.

(e) Adjustments to the Exchange Ratio. If at any time during the period between the date of this Agreement and the Effective Time the outstanding shares of capital stock of the Company or Parent shall have been changed into a different number of shares or a different class by reason of any reclassification, recapitalization, stock split (including a reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, or any other similar event, other than pursuant to the Transactions, then the Exchange Ratio, the Merger Consideration and any other similarly dependent items shall be appropriately adjusted to provide to the holders of Company Common Stock and Parent Common Stock the same economic effect as contemplated by this Agreement prior to such action; provided that nothing in this Section 2.1(e) shall be construed to permit any Party to take any action that is otherwise prohibited or restricted by any other provision of this Agreement.

Section 2.2 Exchange of Shares.

(a) Exchange Agent. Prior to the Effective Time, Parent shall enter into an exchange agreement with the transfer agent of Parent or such other exchange agent determined by Parent and reasonably acceptable to the Company (the "Exchange Agent") for the purpose of exchanging shares of Company Common Stock for the Merger Consideration. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with the Exchange Agent, in trust for the benefit of holders of the shares of Company Common Stock, certificates representing the shares of Parent Common Stock issuable pursuant to Section 2.1(a) (or appropriate alternative arrangements shall be made by Parent if the shares of Parent Common Stock issuable will be uncertificated). Following the Effective Time, Parent agrees to make available to the Exchange Agent, from time to time as needed, cash sufficient to pay any dividends and other distributions pursuant to Section 2.2(c). All certificates representing shares of Parent Common Stock (including the amount of any dividends or other distributions payable with respect thereto pursuant to Section 2.2(c) and cash in lieu of fractional shares of Parent Common Stock to be paid pursuant to Section 2.1(d)) are hereinafter referred to as the "Exchange Fund."

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time and in any event not later than the fourth (4th) Business Day following the Effective Time, Parent shall cause the Exchange Agent to send to each holder of record of shares of Company Common Stock represented by certificates as of the Effective Time (i) a letter of transmittal (which shall specify that delivery shall be effected, and that risk of loss and title to the shares of Company Common Stock shall pass, only upon delivery of the shares of Company Common Stock to the Exchange Agent and which shall be in form and substance reasonably satisfactory to Parent and the Company) and (ii) instructions for use in effecting the surrender of the shares of Company Common Stock in exchange for certificates representing whole shares of Parent Common Stock (or appropriate alternative arrangements made by Parent if uncertificated shares of Parent Common Stock will be issued), cash in lieu of any fractional shares of Parent Common Stock pursuant to Section 2.1(d) and any dividends or other distributions payable pursuant to Section 2.2(c). Exchange of any shares of Company Common Stock held in book-entry form shall be effected in accordance with the Exchange Agent's customary procedures with respect to securities held in book-entry form. Notwithstanding anything to the contrary in this Agreement,

no holders of shares of Company Common Stock held in book-entry form shall be required to deliver a share certificate or an executed letter of transmittal to the Exchange Agent to receive the Merger Consideration in respect of such book-entry shares. Upon (A) in the case of shares of Company Common Stock represented by certificates, surrender of shares for cancellation to the Exchange Agent, together with such letter of transmittal, duly completed and validly executed in accordance with the instructions thereto, and (B) in the case of shares of Company Common Stock held in book-entry form, receipt by the Exchange Agent of an "agent's message" in customary form (it being understood that the holders of such book-entry shares shall be deemed to have surrendered such book-entry shares upon receipt by the Exchange Agent of such "agent's message" or such other evidence, if any, as the Exchange Agent may reasonably request), in each case together with such other customary documents as may reasonably be required by the Exchange Agent or Parent, the holder of such shares of Company Common Stock shall be entitled to receive in exchange therefor that number of whole shares of Parent Common Stock (after taking into account all shares of Company Common Stock surrendered by such holder) to which such holder is entitled pursuant to Section 2.1 (which shall be in uncertificated book-entry form), payment by cash or check in lieu of fractional shares of Parent Common Stock which such holder is entitled to receive pursuant to Section 2.1(d) and any dividends or distributions payable pursuant to Section 2.2(c), and the shares of Company Common Stock so surrendered shall forthwith be canceled. If any portion of the Merger Consideration is to be registered in the name of a Person other than the Person in whose name the applicable surrendered share of Company Common Stock is registered, it shall be a condition to the registration thereof that the surrendered share of Company Common Stock be in proper form for transfer and that the Person requesting such delivery of the Merger Consideration pay any and all transfer and other similar Taxes required to be paid as a result of such registration in the name of a Person other than the registered holder of such share of Company Common Stock or establish to the satisfaction of the Exchange Agent that such Taxes have been paid or are not payable. Until surrendered as contemplated by this Section 2.2(b), each share of Company Common Stock shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration (and any amounts to be paid pursuant to Section 2.1(d) or Section 2.2(c)) upon such surrender. No interest shall be paid or shall accrue on or with respect to the Merger Consideration or on or with respect to any amount payable pursuant to Section 2.1(d) or Section 2.2(c).

(c) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to shares of Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered share of Company Common Stock with respect to the shares of Parent Common Stock represented thereby, and no cash payment in lieu of fractional shares of Parent Common Stock shall be paid to any such holder pursuant to Section 2.1(d), until such share of Company Common Stock has been surrendered in accordance with this Article II. Subject to applicable Laws, following surrender of any such share of Company Common Stock, there shall be paid to the recordholder thereof, without interest, (i) promptly after such surrender, the number of whole shares of Parent Common Stock issuable in exchange therefor pursuant to this Article II, together with any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.1(d) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) Withholdings. Each of the Parties, the Surviving Corporation and the Exchange Agent shall be entitled to deduct and withhold (or cause to be deducted and withheld), from any consideration payable or otherwise deliverable under this Agreement to any holder of record of a share of Company Common Stock immediately prior to the Effective Time or any other Person who is entitled to receive the Merger Consideration pursuant to this Article II, such amounts as are required to be withheld or deducted under the Code or any applicable Tax Law with respect to the making of such payment. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts shall be treated for all purposes of this Agreement as having been paid to the Person(s) to whom such amounts would otherwise have been paid.

(e) No Further Ownership Rights in Company Common Stock; Closing of Transfer Books. All shares of Parent Common Stock issued upon the surrender or exchange of shares of Company Common Stock in accordance with the terms of this Article II and any cash paid pursuant to Section 2.1(d) or Section 2.2(c) shall be deemed to have been issued (or paid) in full satisfaction of all rights pertaining to the shares of Company Common Stock. After the Effective Time, the stock transfer books of the Company shall be closed with respect to the shares of Company Common Stock that were outstanding immediately prior to the Effective Time, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, shares of Company Common Stock are presented to the Surviving Corporation or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(f) Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) that remains undistributed to the former holders of shares of Company Common Stock for one (1) year after the Effective Time shall be delivered to Parent upon demand, and any holders of shares of Company Common Stock who have not theretofore complied with this Article II shall thereafter look only to Parent for payment of such holder's claim for the Merger Consideration, any cash in lieu of fractional shares of Parent Common Stock pursuant to Section 2.1(d) and any dividends or distributions pursuant to Section 2.2(c).

(g) No Liability; Unclaimed Property. Notwithstanding anything in this Agreement to the contrary, none of the Parties, the Surviving Corporation, the Exchange Agent or any other Person shall be liable to any holder of shares of Company Common Stock for any portion of the Merger Consideration (or any portion of the Common Shares Trust or any dividends or distributions to which such holders are entitled pursuant to Section 2.2(c)) delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Notwithstanding any other provision of this Agreement to the contrary, any portion of the Merger Consideration (and any associated dividends or distributions to which such holders are entitled pursuant to Section 2.2(c)) that remains unclaimed as of immediately prior to the date on which any portion of such property would otherwise escheat to or become the property of any Governmental Entity shall, to the extent permitted by applicable Law, become the property of Parent free and clear of any claims or interest of any Person previously entitled thereto.

(h) Lost Certificates. If any certificate representing a share of Company Common Stock shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond in such reasonable amount as Parent may require as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent will deliver in exchange for such lost, stolen or destroyed certificate (i) the applicable Merger Consideration with respect to the shares of Company Common Stock formerly represented thereby, (ii) any cash in lieu of fractional shares of Company Common Stock to which such holders are entitled pursuant to Section 2.1(d) and (iii) any unpaid dividends and distributions to which such holders are entitled pursuant to Section 2.2(c) as the case may be, deliverable in respect thereof pursuant to this Agreement.

(i) Investment of Exchange Fund. The Exchange Agent shall invest any cash in the Exchange Fund, as directed by Parent, on a daily basis; provided that no gain or loss thereon shall affect the amounts payable to the holders of shares of Company Common Stock pursuant to the other provisions of this Article II, and such investment shall be in obligations of, or guaranteed by, the United States of America, in commercial paper obligations of issuers organized under the Law of a state of the United States of America, rated A-1 or P-1 or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Service, respectively, or in certificates of deposit, bank repurchase agreements or bankers' acceptances of commercial banks with capital exceeding $10,000,000,000, or in mutual funds investing in such assets. Any interest and other income resulting from such investments shall be paid to, and be the property of, Parent. To the extent that there are any losses with respect to any investments of the funds deposited with the Exchange Agent, or the funds shall for any other reason not be sufficient for the Exchange Agent to make prompt payment of any amounts contemplated to be paid pursuant to this Article II, Parent shall promptly reimburse any such loss or otherwise provide additional funds so as to ensure that the funds are at all times maintained at a level sufficient for the Exchange Agent to make such payments contemplated by this Article II.

Section 2.3 Equity Awards.

(a) Conversion of Company Equity Awards. At the Effective Time, by virtue of the Merger and actions taken by the Company Board or a duly authorized committee thereof, each Company Equity Award outstanding as of immediately prior to the Effective Time shall be treated as follows, automatically and without any required action on the part of the recipient or holder thereof:

(i) Each Company Stock Option, whether vested or unvested, that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, be assumed and converted into an option (each, as so converted and adjusted as follows, an "Adjusted Option") to acquire, on the same terms and conditions as were applicable under such Company Stock Option, including any "double trigger" vesting protections (except that, for any Company Stock Option subject to performance-based conditions, the vesting of the corresponding Adjusted Option will no longer be subject to achievement of the applicable performance goals), a number of shares of Parent Common Stock (rounded down to the nearest whole share) equal to the product of (A) the number of shares of Company Common Stock subject to such Company Stock Option and (B) the Exchange Ratio, at an exercise price per share of Parent Common Stock (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (1) the aggregate exercise price for the shares of Company Common Stock subject to such Company Stock Option by (2) the Exchange Ratio.

(ii) Each award of Company Restricted Shares that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, be assumed and converted into, on the same terms and conditions as were applicable under such Company Restricted Shares, including any "double trigger" vesting protections, a number of restricted shares of Parent Common Stock (as so converted and adjusted as follows, the "Adjusted Restricted Shares") equal to the product of (A) the total number of shares of Company Common Stock subject to such award of Company Restricted Shares and (B) the Exchange Ratio, with any fractional shares rounded down to the nearest whole share of restricted Parent Common Stock.

(iii) Each Company RSU Award and each Company Performance Share Award that is outstanding immediately prior to the Effective Time shall, as of the Effective Time, be assumed and converted into a restricted stock unit award in respect of a number of shares of Parent Common Stock (each, as so converted and adjusted as follows, an "Adjusted RSU Award") equal to the product obtained by multiplying (A) the total number of shares of Company Common Stock subject to the Company RSU Award or Company Performance Share Award, as applicable, as of immediately prior to the Effective Time by (B) the Exchange Ratio, with any fractional shares rounded down to the nearest whole share. For purposes of the immediately preceding sentence, the number of shares of Company Common Stock subject to each Company Performance Share Award as of immediately prior to the Effective Time shall be determined based on (1) for each outstanding Company Performance Share Award for which the applicable performance period is ongoing as of the Closing Date, the greater of (x) the number of shares of Company Common Stock subject to such Company Performance Share Award based on the attainment of the applicable performance goals from the beginning of the appliable performance period through the Closing Date or (y) the target number of shares of Company Common Stock subject to such Company Performance Share Award, or (2) for each outstanding Company Performance Share Award for which the applicable performance period is completed as of the Closing Date, the number of shares of Company Common Stock subject to such Company Performance Share Award based on the attainment of the applicable performance goals as of the end of the applicable performance period. Each Adjusted RSU Award shall otherwise be subject to the same terms and conditions applicable to the corresponding Company RSU Award or Company Performance Share Award (including any "double trigger" vesting protections), as applicable, under the Company Stock Plan and the applicable award agreement, including vesting terms, except that any Adjusted RSU Award corresponding to a Company Performance Share Award shall no longer be subject to any performance-based vesting conditions.

(b) Company ESPP. Prior to the Effective Time, the Company Board or a duly authorized committee thereof shall take all actions reasonably necessary, including adopting any resolutions or amendments and providing any notices to participants (which resolutions, amendments and notices, if applicable, shall be reasonably satisfactory to Parent) with respect to the Company ESPP to (i) cause the offering period (as defined in the Company ESPP) ongoing as of the date of this Agreement to be the final offering period under the Company ESPP and the options under the Company ESPP to be exercised on the earlier of (A) the scheduled purchase date for such offering period and (B) the date that is ten (10) Business Days prior to the Closing Date (with any participant payroll deductions not applied to the purchase of shares of Company Common Stock promptly returned to the participant), (ii) prohibit any individual who is not participating in the Company ESPP as of the date of this Agreement from commencing participation in the Company ESPP following the date of this Agreement, (iii) prohibit any individual who is participating in the Company ESPP as of the date of this Agreement from increasing their payroll deferrals under the Company ESPP following the date of this Agreement and (iv) terminate the Company ESPP as of, and subject to, the Effective Time.

(c) Termination of Company DRIP. Prior to the Effective Time, the Company Board or a duly authorized committee thereof shall take all actions reasonably necessary, including adopting any resolutions or amendments and providing any notices to participants (which resolutions, amendments and notices, if applicable, shall be reasonably satisfactory to Parent) with respect to the Company DRIP, to (i) terminate the Company DRIP effective as of the Effective Time and (ii) ensure that no purchase or other rights under the Company DRIP enable the holder of such rights to acquire any Parent Equity Securities as a result of such purchase or the exercise of such rights after the Effective Time.

(d) Company 401(k) Plan Stock Fund. Prior to the Effective Time, the Company Board or a duly authorized committee thereof shall take all actions reasonably necessary, including adopting any resolutions or amendments and providing any notices to participants (which resolutions, amendments and notices, as applicable, shall be reasonably satisfactory to Parent) with respect to the Company 401(k) Plan to prohibit any future investments in Corporation Stock (as defined in the Company 401(k) Plan) and to prohibit any future investments in "employer securities" (as defined in Section 407(d)(1) of ERISA), under the Company 401(k) Plan, effective as of immediately prior to the Effective Time (conditioned on the occurrence of the Effective Time) or prior thereto.

(e) Resolutions Adopting Company Board or Committee Actions. Prior to the Effective Time, the Company Board shall adopt resolutions and the Company shall take all other actions as are necessary or appropriate to effectuate the foregoing provisions of this Section 2.3. The adjustments provided in Section 2.3(a)(i) with respect to any Company Equity Awards to which Section 409A or 421(a) of the Code applies shall be and are intended to be effected in a manner which is consistent with Section 409A and 424(a) of the Code, respectively. As soon as practicable following the Effective Time, Parent shall deliver to the holders of Adjusted Options, Adjusted Restricted Shares and Adjusted RSU Awards appropriate notices evidencing the grants of such Adjusted Options, Adjusted Restricted Shares and Adjusted RSU Awards, which notices shall provide, among other things, that such Adjusted Options, Adjusted Restricted Shares and Adjusted RSU Awards (and the applicable award agreements between the Company and each holder governing the corresponding Company Equity Awards) have been assumed by Parent and shall continue in effect on the same terms and conditions following the Effective Time (subject to the adjustments required by Section 2.3(a) and giving effect to any other terms and conditions applicable to the corresponding Company Equity Awards resulting from the Transactions).

(f) Form S-8. As soon as practicable following the Effective Time, Parent shall prepare and file with the SEC a registration statement on Form S-8 (or another appropriate form) registering shares of Parent Common Stock subject to issuance upon the exercise of the Adjusted Options, Adjusted Restricted Shares, and Adjusted RSU Awards in respect of Parent Common Stock issuable in accordance with Section 2.3(a). The Surviving Corporation shall cooperate with, and assist Parent in the preparation of, such registration statement. Parent shall keep such registration statement effective (and maintain the current status of the prospectus required thereby) for so long as any Adjusted Options, Adjusted Restricted Shares, and Adjusted RSU Awards in respect of Parent Common Stock remain outstanding.

Section 2.4 No Dissenters' or Appraisal Rights. Pursuant to Section 1571(b)(1) of the PBCL, no dissenters' or appraisal rights shall be available to any holder of Company Common Stock with respect to the Merger or any of the other Transactions.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except (a) as disclosed in the Company SEC Documents publicly available and filed with or furnished to the SEC prior to the date of this Agreement (excluding any disclosures in any risk factors section, in any section related to forward-looking statements and any other disclosures or statements that are predictive or forward-looking in nature) where it is reasonably apparent on its face that such disclosure is applicable to any representation or warranty or (b) subject to Section 8.8, as set forth in the corresponding section of the disclosure schedule delivered by the Company to Parent concurrently with the execution and delivery by the Company of this Agreement (the "Company Disclosure Schedule"), the Company represents and warrants to Parent and Merger Sub as follows:

Section 3.1 Qualification; Organization; Subsidiaries.

(a) The Company is a corporation duly organized and subsisting under the laws of the Commonwealth of Pennsylvania.

(b) Each Company Subsidiary is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization (in the case of good standing, to the extent such jurisdiction recognizes such concept) and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets, to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or in good standing, or to have such power or authority, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) The Company has made available to Parent true and complete copies of the articles of incorporation of the Company, as in effect as of the date of this Agreement (the "Company Charter"), and the bylaws of the Company, as in effect as of the date of this Agreement (together with the Company Charter, the "Company Organizational Documents") and has made available to Parent true and complete copies of the Organizational Documents of each "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the SEC) of the Company, as in effect as of the date of this Agreement (other than those set forth in Section 3.1(c) of the Company Disclosure Schedule).

(d) Section 3.1(d) of the Company Disclosure Schedule lists each Company Subsidiary and its jurisdiction of organization or formation. All of the outstanding shares of capital stock, voting securities or other equity interests of each Company Subsidiary have been validly issued and are fully paid and nonassessable, as applicable. All of the outstanding shares of capital stock, voting securities and other equity interests of each Company Subsidiary are owned by (i) the Company, (ii) one or more Company Subsidiaries or (iii) the Company and one or more Company Subsidiaries, in each case, free and clear of all liens, claims, mortgages, encumbrances, pledges, security interests or charges of any kind or nature (collectively, "Liens"). Except for the capital stock, voting securities and other equity interests of the Company Subsidiaries, neither the Company nor any Company Subsidiary owns, directly or indirectly, any capital stock, voting securities or other equity interests in any other Person (including through participation in any joint venture or similar arrangement), other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies, and there are no Joint Ventures of the Company.

Section 3.2 Capitalization.

(a) The authorized capital stock of the Company consists of 600,000,000 shares of Company Common Stock and 1,770,819 shares of preferred stock, par value $1.00 per share, of the Company (the "Company Preferred Stock"). As of the close of business on October 20, 2025 (the "Capitalization Date"), (i) (A) 282,975,137 shares of Company Common Stock were issued and outstanding, which includes no Company Restricted Shares outstanding as of such date, and (B) 3,427,257 shares of Company Common Stock were held in the Company's treasury, (ii) Company Stock Options to purchase 1,079,266 shares of Company Common Stock (of which 794,059 Company Stock Options were exercisable) were outstanding with a weighted average exercise price of $36.60, (iii) Company RSU Awards covering 301,181 shares of Company Common Stock were outstanding, (iv) Company Performance Share Awards covering 524,467 shares of Company Common Stock were outstanding (based on target performance), (v) 2,534,432 shares of Company Common Stock were reserved and available for issuance under the Company Stock Plan, (vi) 960,299 shares of Company Common Stock were reserved and available for issuance under the Company ESPP, (vii) 3,177,820 shares of Company Common Stock were reserved for issuance under the Company DRIP and (viii) no shares of Company Preferred Stock were issued or outstanding. All shares of Company Common Stock are duly authorized, validly issued, fully paid and nonassessable and were not issued in violation of any preemptive right, purchase option, call, right of first refusal or any similar right and all shares of Company Common Stock reserved for issuance as noted in this Section 3.2(a), when issued in accordance with the respective terms thereof, will be duly authorized, validly issued, fully paid and nonassessable and not issued in violation of any preemptive right, purchase option, call, right of first refusal or any similar right. No shares of Company Common Stock are held by any Company Subsidiary. Except as set forth in this Section 3.2(a), at the close of business on the Business Day immediately preceding the date of this Agreement, no shares of capital stock, voting securities or other equity interests of the Company were issued, reserved for issuance or outstanding.

(b) Except as set forth in Section 3.2(a), as of the date hereof, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary or (ii) any subscriptions, options, warrants, calls, derivative contract, forward contract or other rights to acquire from the Company or any Company Subsidiary, or any other obligation of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary (the foregoing clauses (i) and (ii), collectively, "Company Equity Securities").

(c) There is no outstanding Indebtedness of the Company or any Company Subsidiary, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of the Company or any Company Subsidiary on any matter.

(d) There are no voting trusts or other agreements or understandings to which the Company or any Company Subsidiary is a party with respect to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of, any Company Equity Securities.

(e) The Company has delivered or made available to Parent an accurate and complete copy of the Company Stock Plan and the form award agreements evidencing grants of Company Stock Options, Company Restricted Shares, Company Performance Share Awards and Company RSU Awards (collectively, "Company Equity Awards"). There have been no repricing of any Company Stock Options through amendments, cancellation and reissuance or other means during the current or prior two (2) calendar years. None of the Company Stock Options were granted with an exercise price below or deemed to be below fair market value on the date of grant. All grants of Company Equity Awards were validly made and properly approved by the Company Board (or a duly authorized committee or subcommittee thereof) in compliance with all applicable Laws and properly recorded on the consolidated financial statements of the Company in accordance with GAAP, and, where applicable, no such grants involved any "back dating," "forward dating" or similar practices with respect to grants of Company Stock Options.

(f) Section 3.2(f) of the Company Disclosure Schedule sets forth a schedule of all outstanding Company Equity Awards as of the Capitalization Date, including, for each award, as applicable, the holder, type of award (including, in the case of options, whether or not an "incentive stock option" within the meaning of Section 422 of the Code), the number of shares of Company Common Stock subject to the award, vesting schedule and portion vested, settlement date (including pursuant to any deferral election), per share exercise price and expiration date.

Section 3.3 Corporate Authority Relative to this Agreement; No Violation.

(a) The Company has all requisite corporate power and authority to execute and deliver this Agreement and to perform its covenants and agreements hereunder and, assuming that the representations and warranties of Parent contained in Section 4.15 are true and correct, to consummate the Transactions, including the Merger, subject, in the case of the Merger, to the Company Shareholder Approval. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Company Board and, except for the Company Shareholder Approval, no other corporate proceedings on the part of the Company are necessary to authorize the Merger or the consummation of the Transactions. The Company Board, at a meeting duly called and held, unanimously adopted resolutions (i) determining that it is advisable, fair to and in the best interests of the Company and its shareholders to enter into this Agreement and to consummate the Transactions, including the Merger, (ii) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger, (iii) directing that this Agreement be submitted to a vote of the Company's shareholders entitled to vote thereon at the Company Shareholder Meeting and (iv) recommending that the Company's shareholders adopt and approve this Agreement (the "Company Board Recommendation") at the Company Shareholder Meeting, and such resolutions have not been subsequently rescinded, modified or withdrawn in any way. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes the legal, valid and binding agreement of Parent and Merger Sub, constitutes the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms; provided that such enforcement may be subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other Laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law) (the "Bankruptcy and Equity Exceptions").

(b) Except for (i) such Consents or Filings as may be required under (A) the provisions of the Pennsylvania Entity Laws, (B) the Exchange Act, (C) the Securities Act, (D) the rules and regulations of the NYSE, (E) the HSR Act and (F) the rules and regulations of the Applicable PSCs (such Consents or Filings referred to in clause (F), collectively, the "Company Regulatory Approvals"), and (ii) pre-approvals of license transfers by the FCC, and, subject to the accuracy of the representations and warranties of Parent and Merger Sub in Section 4.3(b), no authorization, consent, order, license, permit or approval of (each, a "Consent"), or registration, declaration, notice, submission or filing (each, a "Filing") made to or with any Governmental Entity is necessary or required to be obtained or made under applicable Law in connection with the execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder or the consummation of the Transactions by the Company, except for such Consents or Filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Except as set forth in clauses (i) and (ii) of Section 3.3(b), the execution and delivery by the Company of this Agreement do not, and the consummation of the Transactions and compliance with the provisions hereof will not, (i) conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation, payment or acceleration of any obligation or to the loss of a benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture, lease, agreement,

contract, instrument, permit, concession, franchise, right or license binding upon the Company or any Company Subsidiary or result in the creation of any Lien, other than any such Lien (A) for Taxes or governmental assessments, the charges or claims of payment for which are not yet due or payable, or that are being contested in good faith and for which adequate accruals or reserves have been established, (B) which is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the ordinary course of business consistent with past practice, (C) which is disclosed on the most recent consolidated balance sheet of the Company or notes thereto or securing liabilities reflected on such balance sheet, (D) which was incurred in the ordinary course of business consistent with past practice since the date of the most recent consolidated balance sheet of the Company or (E) which does not and would not reasonably be expected to materially impair the continued use and operation of the assets to which they relate as operated as of the date hereof or any property at which the material operations of the Company or any Company Subsidiary are conducted as of the date hereof (each of the foregoing (A) through (E), a "Company Permitted Lien"), upon any of the properties or assets of the Company or any Company Subsidiary, (ii) conflict with or result in any violation of any provision of the Company Organizational Documents or the Organizational Documents of any Company Subsidiary or (iii) conflict with or violate any applicable Laws, other than, in the case of clauses (i) and (iii), any such violation, conflict, default, termination, cancellation, payment, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.4 SEC Reports; Financial Statements; No Undisclosed Liabilities.

(a) Since January 1, 2023, the Company has furnished or filed on a timely basis all registration statements, prospectuses, reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by the Company with the SEC under the Exchange Act or the Securities Act (such documents, together with all exhibits, financial statements, including the Company Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Joint Proxy Statement, being collectively referred to as the "Company SEC Documents"). None of the Company Subsidiaries is or has been required to make or makes any filings with the SEC under the Exchange Act or the Securities Act. Each Company SEC Document (i) at the time furnished or filed, complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Document and the listing standards and corporate governance rules and regulations of the NYSE and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no outstanding or unresolved comments received from the SEC with respect to any of the Company SEC Document, and, to the Knowledge of the Company, none of the Company SEC Documents is the subject of any outstanding SEC comment or investigation. As of the date hereof, the Company is in compliance in all material respects with all current listing standards of the NYSE.

(b) Each of the consolidated financial statements of the Company (including any related notes) contained or incorporated by reference in the Company SEC Documents (the "Company Financial Statements") (i) complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (ii) was prepared in accordance with GAAP (except, in the case of unaudited quarterly financial statements, as permitted by the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto), (iii) fairly presents in all material respects, in accordance with GAAP, the consolidated financial position of the Company and the Company Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited quarterly financial statements, to normal year-end audit adjustments that are not material and to any other adjustments described therein, including the notes thereto) and (iv) was prepared from, and in accordance with, the books and records of the Company and the Company Subsidiaries in all material respects. No financial statements of any Person other than the Company and the Company Subsidiaries are required by GAAP to be included in the Company Financial Statements. The books and records of the Company and the Company Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. As of the date of this Agreement, PricewaterhouseCoopers LLP has not resigned (or informed the Company that it intends to resign) or been dismissed as independent public accountants of the Company.

(c) The Company maintains, and at all times since January 1, 2023 has maintained, a system of "internal control over financial reporting" (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. The Company maintains "disclosure controls and procedures" required by Rule 13a-15 or 15d-15 under the Exchange Act that are sufficient to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of the Company's filings with the SEC and other public disclosure documents. The Company has disclosed in writing, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the Company Board (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (ii) any fraud, known to the Company, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. There is no reason to believe that the Company's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due. Since January 1, 2023, no executive officer of the Company has failed in any respect to make the certifications required of such executive officer under Section 302 or Section 906 of the Sarbanes-Oxley Act. Neither the Company nor any of its executive officers has received notice from any Governmental Entity challenging or questioning the accuracy, completeness, form or manner of filing of such certifications.

(d) Neither the Company nor any Company Subsidiary is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among the Company or any Company Subsidiary, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off-balance-sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any Company Subsidiary in the Company Financial Statements or other Company SEC Documents.

(e) Since January 1, 2023, (i) none of the Company or any Company Subsidiary, nor, to the Knowledge of the Company, any director or officer of the Company or any Company Subsidiary, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding accounting, internal accounting controls or auditing practices, procedures, methodologies or methods of the Company or any Company Subsidiary or any material complaint, allegation, assertion or claim from employees of the Company or any Company Subsidiary regarding questionable accounting or auditing matters with respect to the Company or any Company Subsidiary and (ii) to the Knowledge of the Company, no attorney representing the Company or any Company Subsidiary, whether or not employed by the Company or any Company Subsidiary, has reported evidence of a violation of securities laws, breach of fiduciary duty or similar violation by the Company, any Company Subsidiary or any of their respective officers, directors, employees or agents to the Company Board or any committee thereof, or to the chief executive officer of the Company or the general counsel of the Company.

(f) Except (i) as reflected or reserved against in the Company's most recent audited consolidated balance sheets (or stated in the notes thereto) included in the Company SEC Documents filed prior to the date hereof, (ii) for liabilities and obligations incurred in the ordinary course of business consistent with past practice after the date of such balance sheet and (iii) liabilities incurred in connection with the Merger or any of the other Transactions or agreements contemplated by this Agreement, neither the Company nor any Company Subsidiary has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its consolidated Subsidiaries (or in the notes thereto), other than those which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.5 Absence of Certain Changes or Events.

(a) Since January 1, 2025 through the date of this Agreement, there has not been any Change that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Since January 1, 2025 through the date of this Agreement, each of the Company and the Company Subsidiaries has conducted its respective business in the ordinary course of business consistent with past practice in all material respects, except in connection with the Transactions.

Section 3.6 Litigation. Neither the Company nor any Company Subsidiary is party to, and there is no Claim before any Governmental Entity pending or, to the Knowledge of the Company, threatened against the Company, any Company Subsidiary, or any of their current or former directors or executive officers that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. There is no Judgment outstanding against or, to the Knowledge of the Company, investigation by any Governmental Entity of the Company, any Company Subsidiary, any of their respective properties or assets, or any of their current or former directors or executive officers, that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.7 Information Supplied. None of the information provided or to be provided by the Company or the Company Subsidiaries for inclusion or incorporation by reference in the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided that, with respect to projected financial information provided by or on behalf of the Company, the Company represents only that such information was prepared in good faith by management of the Company on the basis of assumptions believed by such management to be reasonable as of the time made. None of the information provided by the Company or the Company Subsidiaries for inclusion or incorporation by reference in the Joint Proxy Statement will, at the date it is first mailed to the Company's shareholders or Parent's stockholders or at the time of the Company Shareholder Meeting or the Parent Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that, with respect to projected financial information provided by or on behalf of the Company, the Company represents only that such information was prepared in good faith by management of the Company on the basis of assumptions believed by such management to be reasonable as of the time made. The Joint Proxy Statement (other than the portion thereof relating solely to the Parent Stockholder Meeting) will comply as to form in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations thereunder. Notwithstanding the foregoing provisions of this Section 3.7, no representation or warranty is made by the Company with respect to information or statements made or incorporated by reference in the Form S-4 or the Joint Proxy Statement that were not supplied by or on behalf of the Company.

Section 3.8 Compliance with Law; Permits.

(a) Except for matters that would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2023, (i) the Company and the Company Subsidiaries are in compliance with all applicable Laws and all Permits applicable to the business and operations of the Company and the Company Subsidiaries, (ii) the Company and each Company Subsidiary hold, and are in compliance with, all Permits required by Law for the conduct of their respective businesses as they are now being conducted and (iii) all Permits of the Company and the Company Subsidiaries are valid and in full

force and effect. None of the Company, the Company Subsidiaries or, to the Knowledge of the Company, their respective Representatives (A) is a Sanctioned Person, (B) is a Person that is owned or controlled by a Sanctioned Person, (C) is located, organized or resident in a Sanctioned Jurisdiction or (D) has or is now, in connection with the business of the Company or the Company Subsidiaries, engaged in any dealings or transactions (1) with any Sanctioned Person, (2) in any Sanctioned Jurisdiction or (3) otherwise in material violation of Sanctions.

(b) Since January 1, 2020, the Company, the Company Subsidiaries, and their respective directors, officers, employees, and, to the Knowledge of the Company, their Representatives have complied with applicable Anti-Corruption Laws. Neither the Company, the Company Subsidiaries, nor their directors, officers, employees, or, to the Knowledge of the Company, any Representative has, directly or indirectly, since January 1, 2020 given, offered, promised, or authorized the giving of any payment, gift or other item of value or similar benefit to any Person (including any foreign official, foreign political party, foreign political party official or candidate for foreign political office) in violation of any applicable Anti-Corruption Law. The Company has not (i) received written or oral notice of or made a voluntary, mandatory or directed disclosure to any Governmental Entity relating to any actual or potential violation of any Anti-Corruption Law or (ii) been a party to or the subject of any pending or, to the Knowledge of the Company, threatened action or investigation related to any actual or potential violation of Anti-Corruption Laws. The Company has implemented and maintains policies and procedures reasonably designed to ensure compliance by its directors, officers, employees, and Representatives with applicable Anti-Corruption Laws.

(c) Notwithstanding anything contained in this Section 3.8, no representation or warranty shall be deemed to be made in this Section 3.8 in respect of the matters referenced in Section 3.4, or in respect of Tax, employee benefits, labor or compliance with Environmental Laws.

Section 3.9 Tax Matters. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) Each of the Company and each of the Company Subsidiaries has (i) timely filed or caused to be filed (taking into account any extension of time within which to file) all Tax Returns required to have been filed by it, and all such Tax Returns were true, correct and complete, (ii) timely paid in full or caused to be paid in full to the appropriate Governmental Entity all Taxes required to be paid by it (whether or not shown as due on such Tax Returns), (iii) established adequate accruals and reserves, in accordance with GAAP, on the financial statements included in the Company SEC Documents for all Taxes payable by the Company and the Company Subsidiaries for all taxable periods and portions thereof through the date of such financial statements and (iv) not received any written notice of any deficiencies for any Tax of the Company or any of the Company Subsidiaries from any taxing authority for which there are not adequate accruals or reserves on the financial statements included in the Company SEC Documents.

(b) Neither the Company nor any Company Subsidiary is the subject of any currently ongoing examination, audit, litigation or other proceeding with respect to Taxes, nor has any examination, audit, litigation or other proceeding with respect to Taxes been proposed against any of them in writing, and any deficiencies asserted or assessments made as a result of any

examination, audit, litigation or other proceeding with respect to Taxes have been paid in full or are being contested in good faith and adequate accruals or reserves for such deficiencies or assessments have been established. There are no Liens for Taxes on any of the assets of the Company or any Company Subsidiary other than Company Permitted Liens. No claim has ever been made in writing by a taxing authority of a jurisdiction where the Company or any Company Subsidiary has not filed Tax Returns or paid taxes of a particular type that the Company or such Company Subsidiary is or may be subject to taxation by that jurisdiction, or is required to file Tax Returns or pay Taxes of such type in such jurisdiction.

(c) Neither the Company nor any Company Subsidiary (i) has ever been a member of any affiliated, combined, unitary or other similar group (other than any such group the common parent of which is the Company or any Company Subsidiary), (ii) is a party to or bound by any written Tax allocation, indemnification, sharing or similar agreement (other than an agreement exclusively between or among the Company and the Company Subsidiaries), except for customary commercial agreements entered into in the ordinary course of business the primary purpose of which is not related to Taxes, or (iii) has any liability for any Taxes of any Person (other than the Company or any Company Subsidiary) under Section 1.1502-6 of the Treasury regulations promulgated under the Code (or any analogous or similar provision of any state, local or non-U.S. Tax Law), as a transferee or successor, by contract (other than pursuant to customary commercial agreement entered into in the ordinary course of business the primary purpose of which is not related to Taxes), or otherwise by operation of Law.

(d) The Company and the Company Subsidiaries (A) have timely paid, deducted, withheld and collected all amounts required to be paid, deducted, withheld or collected by any of them with respect to any payment owing to, or received from, their employees, creditors, independent contractors, customers and other third parties (and have timely paid over, or set aside in accounts for such purpose, any amounts so withheld, deducted or collected to the appropriate Governmental Entity), and (B) have otherwise complied with all applicable Laws relating to the payment, withholding, collection and remittance of Taxes (including information reporting requirements).

(e) Neither the Company nor any Company Subsidiary has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355(a) of the Code within the past two (2) years or otherwise as part of a plan that includes the Merger.

(f) Neither the Company nor any Company Subsidiary has participated in any "listed transaction" within the meaning of Section 1.6011-4(b)(2) of the Treasury regulations promulgated under the Code (or any analogous or similar provision of state, local or non-U.S. Law).

(g) Neither the Company nor any Company Subsidiary (i) has filed or agreed to any extension of time within which to file any Tax Returns that have not been filed, except for automatic extensions of time to file income Tax Returns entered into in the ordinary course of business, (ii) has entered into any agreement or other arrangement waiving or extending the statute of limitations or the period of assessment or collection of any Taxes, (iii) has applied for a ruling from a taxing authority relating to any Taxes that has not been granted or has proposed to enter into an agreement with a taxing authority that is pending or (iv) is party to or bound by any "closing agreement" as described in Section 7121 of the Code (or any analogous or similar provision of state, local or non-U.S. Tax Law) or any private letter rulings, technical advice memoranda or similar agreement or rulings by or with any taxing authority.

(h) Neither the Company nor any Company Subsidiary has taken or agreed to take any action, intends to take any action, or has Knowledge of any fact or circumstance, in each case, that could reasonably be expected to prevent or impede the Merger from qualifying as, or to cause the Merger to fail to qualify as, a "reorganization" within the meaning of Section 368(a)(1) of the Code.

(i) It is agreed and understood that no representation or warranty is made by the Company in respect of Tax matters in any Section of this Agreement other than Section 3.4, this Section 3.9 and Section 3.10.

Section 3.10 Employee Benefit Plans.

(a) Section 3.10(a) of the Company Disclosure Schedule sets forth a complete and accurate list of all material Company Benefit Plans. With respect to each material Company Benefit Plan, the Company has made available to Parent copies of such Company Benefit Plan and all amendments thereto and, if applicable, (i) any related trust, funding agreements or insurance policies, (ii) summary plan description and summaries of material modifications, (iii) the most recent IRS determination letter or foreign equivalent issued by a Governmental Entity, as may be applicable, (iv) actuarial reports and financial statements for the most recently completed fiscal year, (v) the most recent annual report (Form 5500) and all applicable schedules thereto or foreign equivalent and (vi) all material, non-routine documents and correspondence relating thereto received from or provided to any Governmental Entity during the past year.

(b) Each Company Benefit Plan has been operated and administered in all material respects in accordance with its terms and all applicable Laws, including ERISA and the Code. Each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code is the subject of a favorable determination letter from the Internal Revenue Service as to its qualification and, to the Company's Knowledge, no event has occurred that could reasonably be expected to result in the disqualification of such Company Benefit Plan. Since January 1, 2023, there have not been any actions pending against or involving or, to the Company's Knowledge, threatened against or threatened to involve any Company Benefit Plan (other than routine claims for benefits). No events have occurred with respect to any Company Benefit Plan that has resulted in, or to the Company's Knowledge, would reasonably be expected to result in, the assessment of any material excise Taxes or penalties against the Company. All contributions, premiums and payments that are due to have been made for each Company Benefit Plan within the time periods prescribed by the terms of such plan and applicable Law have been made.

(c) The Company does not sponsor, contribute to, have an obligation to contribute to or have any liability, and has not since January 1, 2019, sponsored, contributed to, had an obligation to contribute to or had any liability with respect to (i) a plan subject to Title IV of ERISA, including any defined benefit plan (as defined in Section 3(35) of ERISA), (ii) a multiple employer plan subject to Section

302 of ERISA or Section 412 of the Code, (iv) a multiple employer welfare arrangement (as defined in Section 3(40)(A) of ERISA) or (v) a voluntary employees' beneficiary association under Section 501(c)(9) of the Code. Neither the Company nor any Company Subsidiary contributes to a "multiemployer plan" (as defined in Section 3(37) of ERISA). Other than routine claims for benefits, no liability under Title IV of ERISA has been incurred by the Company or any Company Subsidiary that has not been satisfied in full when due, and no condition exists that could reasonably be expected to result in a material liability to the Company or any Company Subsidiary under Title IV of ERISA.

(d) Except as set forth in Section 3.10(d) of the Company Disclosure Schedule, the consummation of the Transactions will not (i) entitle any current or former employee, director, consultant or other individual service provider of the Company or any Company Subsidiary to any compensation or benefits (including severance, retention or change in control pay, unemployment compensation or any other payment), (ii) accelerate the time of payment or vesting, or increase the amount, of compensation due any such current or former employee or director or (iii) limit or restrict the right of the Company and, after the consummation of the Transactions, Parent or the Surviving Corporation, to merge, amend or terminate any Company Benefit Plans.

(e) There are no material pending or, to the Company's Knowledge, threatened Claims against, by or on behalf of, or any Liens filed against or with respect to, any of the Company Benefit Plans or otherwise involving any Company Benefit Plan.

(f) Neither the Company nor any Company Subsidiary is a party to any agreement, contract or arrangement that would reasonably be expected to result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(g) The Company has no obligation to gross-up, indemnify or otherwise reimburse any current or former employee, director, consultant or other individual service provider for any Tax incurred by such individual, including under Section 409A or 4999 of the Code.

(h) No Company Benefit Plan provides any benefits, including death or medical benefits (whether or not insured), with respect to current or former employees or directors of the Company or any Company Subsidiary beyond their retirement or other termination of service, other than (i) health continuation coverage pursuant to Section 4980B of the Code, (ii) coverage mandated solely by applicable Law or (iii) benefits the full costs of which are borne by the current or former employee or director or his or her beneficiary.

(i) Each Company Benefit Plan that is in any part a "nonqualified deferred compensation plan" subject to Section 409A of the Code complies and has complied, both in form and operation, in all material respects, with the requirements of Section 409A of the Code and the final regulations and other applicable guidance thereunder.

Section 3.11 Employment and Labor Matters.

(a) (i) To the Knowledge of the Company, since January 1, 2023, no labor union, labor organization, employee association, or works council (each, a "Union") has attempted to organize employees at the Company or any Company Subsidiary or filed a petition with the National Labor Relations Board seeking to be certified as the bargaining representative of any employees of the Company or any Company Subsidiary ("Company Employees"), (ii) since January 1, 2023, there have been no actual or, to the Knowledge of the Company, threatened (A) work stoppages, lock-outs or strikes, (B) slowdowns, boycotts, handbilling, picketing, walkouts, demonstrations, leafleting, sit-ins or sick-outs by Company Employees, causing significant disruption to the operations of a Company facility, or (C) other form of Union disruption at the Company or any Company Subsidiary, (iii) except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, there is no unfair labor practice, labor dispute, or labor arbitration proceeding pending or, to the Knowledge of the Company, threatened with respect to Company Employees and (iv) neither the Company nor any Company Subsidiary are required under applicable Law or Contract to provide notice to, or to enter into any consultation procedure with, any Union or similar foreign labor organization, in connection with the execution of this Agreement or the Transactions.

(b) Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) the Company and the Company Subsidiaries are, and since January 1, 2023 have been, in compliance with all applicable state, federal, and local Laws respecting labor and employment, including all Laws relating to discrimination, disability, labor relations, unfair labor practices, hours of work, payment of wages, employee benefits, retirement benefits, compensation, immigration, workers' compensation, working conditions, occupational safety and health, family and medical leave, reductions in force, plant closings, notification of employees, and employee terminations and (ii) neither the Company nor any Company Subsidiary has any liabilities under the Worker Adjustment and Retraining Notification Act ("WARN Act") or any state or local Laws requiring notice with respect to such layoffs or terminations.

(c) Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2023, (i) no Governmental Entity has initiated or, to the Knowledge of the Company, threatened to initiate, any material complaints, charges, lawsuits, grievances, claims, arbitrations, administrative proceedings, or other proceeding(s) or investigation(s) with respect to the Company or the Company Subsidiaries arising out of, in connection with, or otherwise relating to any Company Employees or any Laws governing labor or employment, and (ii) no Governmental Entity has issued or, to the Knowledge of the Company, threatened to issue any significant citation, order, judgment, fine or decree against the Company or any of the Company Subsidiaries with respect to any Company Employees or any Laws governing labor or employment.

(d) To the Knowledge of the Company, no Company Employee is in any respect in violation of any term of any employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, non-competition agreement, restrictive covenant or other obligation (i) to the Company or any Company Subsidiary or (ii) to a former employer of any such employee relating (A) to the right of any such employee to be employed by the Company or any Company Subsidiary or (B) to the knowledge or use of trade secrets or proprietary information.

(e) Since January 1, 2023, neither the Company nor any Company Subsidiary is or has been party to a settlement agreement with a current or former officer, employee or independent contractor of the Company or the Company Subsidiaries that involves allegations relating to harassment or discrimination of any kind by either (i) an officer of the Company or any Company Subsidiary or (ii) an employee of the Company or any Subsidiary at the level of Senior Vice President or above. To the Knowledge of the Company, since January 1, 2023, no allegations of harassment or discrimination of any kind have been made against (i) any officer of the Company or any Company Subsidiary or (ii) an employee of the Company or any Company Subsidiary at a level of Senior Vice President or above.

Section 3.12 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(i) there is no pending or, to the Knowledge of the Company, threatened claim, lawsuit, or administrative proceeding against the Company or any Company Subsidiary, under or pursuant to any Environmental Law, and neither the Company nor any Company Subsidiary has received notice from any Person, including any Governmental Entity, alleging that the Company has been or is in violation or potentially in violation of any applicable Environmental Law or otherwise may be liable under any applicable Environmental Law, which violation or liability is unresolved;

(ii) the Company and the Company Subsidiaries are and, since January 1, 2020, have been in compliance with all applicable Environmental Laws and with all material permits, licenses and approvals required under Environmental Laws for the conduct of their business or the operation of their facilities;

(iii) the Company and the Company Subsidiaries have all material permits, licenses, authorizations and any other approvals required for the ownership operation of the businesses and their facilities pursuant to applicable Environmental Law, all such permits, licenses and approvals are in effect, and, to the Knowledge of the Company, there is no actual or threatened proceeding to revoke, modify or terminate such permits, licenses, authorizations and approvals;

(iv) there has been no release of Hazardous Materials at any real property currently or, to the Knowledge of the Company, formerly owned, leased, or operated by the Company or any Subsidiary in concentrations or under conditions or circumstances that (A) would reasonably be expected to result in liability to the Company or any Company Subsidiary under any Environmental Laws or (B) would require reporting, investigation, remediation, or other corrective or response action by the Company or any Subsidiary under any Environmental Law and that has not otherwise been addressed through such reporting, investigation, remediation, or other corrective or responsive action by the Company or any Subsidiary;

(v) the Company is not party to any order, judgment or decree that imposes any obligations under any Environmental Law and, to the Knowledge of the Company, has not, either expressly or by operation of Law, undertaken any such obligations, including any obligation for corrective or remedial action, of any other person; and

(vi) this Agreement and the Transactions will not trigger, or otherwise be subject to, any Environmental Law requiring the investigation or remediation of environmental conditions at any property currently owned or leased by the Company or any of the Company Subsidiaries as a result of such transactions, including the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. and all implementing rules and regulations, and neither the Company nor any Company Subsidiary has any unresolved obligations under any such Environmental Laws.

(b) The Company has delivered or otherwise made available for inspection to Parent (including through documents or discussions) information reasonably describing any (i) material unresolved liabilities under Environmental Law, (ii) Hazardous Materials in, on, beneath or adjacent to any property currently or formerly owned, operated or leased by the Company or any of the Company Subsidiaries that would be reasonably likely to form the basis of any material claim against the Company or any of the Company Subsidiaries under Environmental Law or (iii) material non-compliance with Environmental Laws by the Company or any of the Company Subsidiaries.

Section 3.13 Insurance. Except as would not have or would not be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) the Company and the Company Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of the Company reasonably has determined in good faith to be prudent and consistent with industry practice, and the Company and the Company Subsidiaries are in compliance in all material respects with their insurance policies and are not in default under any of the terms thereof and (b) all material fire and casualty, general liability, director and officer, business interruption, product liability, and sprinkler and water damage insurance policies maintained by the Company or any Company Subsidiary ("Company Insurance Policies") are in full force and effect, all premiums due with respect to all Company Insurance Policies have been paid and neither the Company nor any Company Subsidiary has received any written notice of cancellation, invalidation or non-renewal of any Company Insurance Policy. The Company has made available to Parent a summary of the Company Insurance Policies.

Section 3.14 Required Vote of the Company Shareholders. The affirmative vote of a majority of the votes cast by all shareholders of the Company entitled to vote on this Agreement at the Company Shareholder Meeting (so long as a quorum is present) is the only vote of the holders of securities of the Company that is required to approve this Agreement and the Merger (the "Company Shareholder Approval").

Section 3.15 Lack of Ownership of Parent Common Stock. Neither the Company nor any Company Subsidiary beneficially owns, directly or indirectly, any shares of Parent Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Parent Common Stock or any securities of any Parent Subsidiary (other than, for the avoidance of doubt, any shares of Parent Common Stock that may be held by Company Benefit Plans), and neither the Company nor any Company Subsidiary has any rights to acquire any shares of Parent Common Stock except pursuant to this Agreement. There are no voting trusts or other agreements or understandings to which the Company or any Company Subsidiary is a party with respect to the voting of the capital stock or other equity interest of Parent or any Parent Subsidiary.

Section 3.16 Antitakeover Laws; Rights Plan.

(a) Subject to the accuracy of the representations and warranties of Parent and Merger Sub in Section 4.15, the Company has taken all necessary actions, if any, so that the Transactions, including the Merger, are not subject to any "fair price," "moratorium," "control share acquisition," "interested shareholder," "affiliated transaction," "business combination" or any other antitakeover Law (each, a "Takeover Law"), including any antitakeover provision in the Pennsylvania Entity Laws or of any other applicable U.S. state or federal Law, or any antitakeover provision in the Company Organizational Documents.

(b) Neither the Company nor any Company Subsidiary has any shareholders' rights plan or similar plan or arrangement in effect.

Section 3.17 Regulatory Matters.

(a) Section 3.17(a) of the Company Disclosure Schedule lists each Company Subsidiary that is subject to regulation by a state regulatory commission as a public utility or public service company (or similar designation) and the states where such Company Subsidiary is subject to such regulation (the "Regulated Company Subsidiaries"). Other than as set forth in Section 3.17(a) of the Company Disclosure Schedule, as of the date hereof, neither the Company nor any Company Subsidiary is subject to regulation as a public utility or public service company (or similar designation) by any state in the U.S. or in any foreign country. No asset of the Company or any of the Regulated Company Subsidiaries is currently disallowed from recovery in rates based on its value and associated expenses in any ratemaking procedure before any Applicable PSC, as applicable.

(b) All filings (other than immaterial filings) required to be made by the Company or any Company Subsidiary since January 1, 2023 with any applicable state public utility commissions and under applicable state Law, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs, franchises, service agreements, and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable Laws, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable Laws, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) Each of the Company and the Company Subsidiaries, as applicable, is legally entitled to provide services in all areas (i) where it currently provides service to its customers and (ii) as identified in its respective Permits, in each case, except for failures to be so entitled that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) As of the date hereof, neither the Company nor any Company Subsidiary all or part of whose rates or services are regulated by a Governmental Entity (i) is a party to any rate proceeding before a Governmental Entity with respect to rates charged by the Company or any Company Subsidiary other than in the ordinary course of business consistent with past practice, (ii) other than as set forth in Section 3.17(d) of the Company Disclosure Schedule, has rates in any amounts that have been or are being collected subject to refund, pending final resolution of any rate proceeding pending before a Governmental Entity or on appeal to a court (other than rates based on estimated costs or revenues that are subject to adjustment once the actual costs or revenues become known) or (iii) is a party to any contract with any Governmental Entity entered into other than in the ordinary course of business consistent with past practice imposing conditions on rates or services in effect as of the date hereof or which, to the Knowledge of the Company, are as of the date hereof scheduled to go into effect at a later time, except, in the case of clauses (i) through (iii), that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.18 Water Quality and Water Rights. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (a) the drinking water supplied by the Company and the Company Subsidiaries to their respective customers is and has been, since January 1, 2023, in compliance with all applicable federal and state drinking water standards and (b) the Company and the Company Subsidiaries have all rights, authorizations, permits, easements, prescriptive rights and rights of way, whether or not of record, which are necessary to extract and deliver water to their respective customers in a manner adequate and sufficient for the conduct of its business as currently conducted (the "Company Water Rights"). To the Knowledge of the Company, (i) there is not any existing breach or default by the Company or any Company Subsidiary under any of the Company Water Rights which (with or without notice, lapse of time or both) would cause any of the Company Water Rights to be lost, revoked or compromised or not be satisfied and (ii) there is no other reason to believe that any Company Water Rights will be lost, revoked or compromised or will not be satisfied, except, in each of clauses (i) and (ii), as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.19 Intellectual Property; Information Technology; Data Protection.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company and the Company Subsidiaries own or have a valid right to use all Intellectual Property Rights used in connection with and reasonably necessary for the business of the Company and the Company Subsidiaries as currently conducted. To the Knowledge of the Company, neither the Company nor any Company Subsidiary has infringed, misappropriated or violated in any material respect any Intellectual Property Rights of any third party except where such infringement, misappropriation or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, no third party is infringing, misappropriating or violating any Intellectual Property Rights owned or exclusively licensed by or to the Company or any Company Subsidiary, except where such infringement, misappropriation or violation would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the computer systems (including the software, hardware, networks, platforms and related systems) used in connection with the business of the Company or any Company Subsidiary are adequate and sufficient for the operation of the business of the Company and the Company Subsidiaries as currently conducted.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2023, the Company and the Company Subsidiaries have in all material respects Processed Personal Data in compliance with Information Privacy Requirements. Since January 1, 2023, to the Knowledge of the Company, no Claim or investigation has been filed, commenced or threatened in writing against the Company or any Company Subsidiary alleging, and neither the Company nor any Company Subsidiary have given any written Claim of, any material failure to comply with any Information Privacy Requirement. Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2023, the Company and the Company Subsidiaries have implemented and maintained industry standard administrative, technical, physical and organizational security measures, including written policies and procedures designed to protect the integrity, confidentiality and security of Personal Data Processed by the Company or the Company Subsidiaries.

Section 3.20 Real Property.

(a) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company and the Company Subsidiaries has either good, valid or marketable fee title to each parcel of real property owned in whole or in part by the Company or any Company Subsidiary, together with all buildings and other structures, facilities or improvements located thereon and all easements, licenses, rights and appurtenances of the Company or any Company Subsidiary relating to the foregoing (collectively, the "Company Owned Real Property") free and clear of all Liens, other than Company Permitted Liens. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, there are no outstanding agreements, options, rights of first offer or rights of first refusal, leases, licenses or other occupancy agreements granting to any third party any right to purchase, use, occupy or enjoy any Company Owned Real Property or any portion thereof or interest therein.

(b) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each of the Company and the Company Subsidiaries holds a valid and existing leasehold or other real property interest in all leasehold or subleasehold estates, license or occupancy agreements (collectively, the "Company Real Property Leases"), easements, rights of ways or other real property rights to the land, buildings, wires, pipes, structures and other improvements thereon and fixtures thereto necessary to permit it to conduct its business as currently conducted (whether written or oral), and all amendments or modifications thereto (collectively, the "Company Leased Real Property"). Except as would not reasonably be expected to interfere in any material respect with the current use and operation of the Company Leased Real Property by the Company and the Company Subsidiaries, each Company Real Property Lease is in full force and effect, and the Company or a Company Subsidiary holds a valid and existing leasehold or other real property interest in all of the Company Leased Real Property, free and clear of all subtenancies and other occupancy rights, and Liens other than Company Permitted Liens. All parties to each Company Real Property Lease are in material compliance with the terms thereof and there are no material defaults thereunder or events, which with the passage of time or notice, or both, would constitute a material default.

(c) With respect to each Company Owned Real Property and each Company Leased Real Property, (i) neither the Company nor any of the Company Subsidiaries has received written notice of any pending or threatened eminent domain, condemnation, or similar taking proceedings, (ii) neither the Company nor any of the Company Subsidiaries has received any written notice that would reasonably be likely to cause either the Company or any of the Company Subsidiaries to materially curtail its operations at such property, or that would reasonably be expected to materially impair such operations, (iii) to the Knowledge of the Company, each Company Owned Real Property and each Company Leased Real Property is in compliance with all applicable Laws, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect and (iv) all utilities presently serving the Company Owned Real Property and Company Leased Real Property are presently adequate to service the existing normal operations of the Company and the Company Subsidiaries, in each case, except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, the Company Owned Real Property and Company Leased Real Property, including all structures, buildings, fixtures, building systems, facilities, improvements or the like located thereon, are in good operating condition and repair, ordinary wear and tear and deferred maintenance excepted, and are sufficient for the uses in which such properties are presently employed.

Section 3.21 Material Contracts.

(a) Except for this Agreement, as set forth in Section 3.21 of the Company Disclosure Schedule and Company Benefit Plans, as of the date hereof, neither the Company nor any Company Subsidiary is a party to or bound by any Contract that:

(i) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K promulgated by the SEC);

(ii) would, after giving effect to the Merger, materially limit or materially restrict the Surviving Corporation or any Company Subsidiary or any successor thereto, from engaging or competing in any line of business that it currently engages in or is a reasonable extension thereof (including with respect to Parent after the Effective Time) or in any geographic area (including through exclusivity, non-solicitation or "most favored nation" provisions with respect to customers);

(iii) limits or otherwise restricts the ability of the Company or any Company Subsidiary to pay dividends or make distributions to its shareholders;

(iv) (A) is an indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other agreement or commitment that provides for or relates to any Indebtedness of the Company or any Company Subsidiary, including any sale and leaseback transactions or other similar financing arrangements or (B) provides for the guarantee, support, indemnification, assumption or endorsement by the Company or any Company Subsidiary of, or any similar commitment by the Company or any Company Subsidiary with respect to, the obligations, liabilities or Indebtedness of any other Person of the nature described in clause (A), in the case of each of clauses (A) and (B), in the principal amount of $100,000,000 or more;

(v) is a settlement, consent or similar Contract to resolve litigation and that contains any material continuing obligations of the Company or any Company Subsidiary;

(vi) is a collective bargaining agreement, work rules or other agreement with any Union;

(vii) (A) is a joint venture, partnership or limited liability company agreement or other similar Contract relating to the formation, creation, operation, management or control of any Joint Venture of the Company (other than any such Contract solely among any of the Company and the wholly owned Company Subsidiaries), in each case, that is material to the Company and the Company Subsidiaries taken as a whole or (B) is a shareholder or stockholder agreement between the Company or any Company Subsidiary, on the one hand, and any other Person, on the other hand;

(viii) grants any right of first refusal, right of first offer, or right of first negotiation with respect to any assets, rights or properties of the Company or the Company Subsidiaries that are material to the Company and the Company Subsidiaries taken as a whole; or

(ix) relates to any past or pending acquisition or disposition of any Person, business or assets constituting a business and under which the Company or the Company Subsidiaries have any material continuing guarantee, "earnout" or other contingent, deferred or fixed payment obligations.

(b) Each Contract of the type described in this Section 3.21, whether or not set forth on Section 3.21 of the Company Disclosure Schedule and whether or not entered into on or prior to the date hereof, is referred to herein as a "Company Material Contract." The Company has made available to Parent true, correct and complete copies of each Company Material Contract in effect as of the date hereof (other than any Contracts publicly available and filed as exhibits to the Company SEC Documents prior to the date of this Agreement), excluding any schedules, annexes, exhibits, work orders, statements of work or other ancillary documents with respect to any such Company Material Contracts that are no longer in force or effect or do not contain terms that are, individually or in the aggregate, material to the Company and the Company Subsidiaries, taken as a whole.

(c) Each Company Material Contract is a valid and binding obligation of the Company or the Company Subsidiary party thereto enforceable against the Company or such Company Subsidiary in accordance with its terms (except that such enforcement may be subject to the Bankruptcy and Equity Exceptions) and, to the Company's Knowledge, each other party thereto, and is in full force and effect, and each of the Company and each of the Company

Subsidiaries which is a party thereto has performed in all material respects all obligations required to be performed by it to the date hereof under each Company Material Contract and, to the Company's Knowledge, each other party to each Company Material Contract has performed in all material respects all obligations required to be performed by it under such Company Material Contract, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. The Company has no Knowledge of, and none of the Company or any Company Subsidiary has received notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under) any Company Material Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.22 Opinion of Financial Advisor. The Company Board has received the oral opinion of Moelis & Company LLC, which opinion will be subsequently confirmed in writing, to the effect that, as of the date of such opinion and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations set forth therein, the Exchange Ratio is fair from a financial point of view to the holders of shares of Company Common Stock, and such opinion has not been withdrawn, revoked or modified. The Company shall, promptly following receipt of such opinion in written form, furnish an accurate and complete copy of such opinion to Parent solely for informational purposes and on a non-reliance basis.

Section 3.23 Finders or Brokers. Except for Moelis & Company LLC (the fees and expenses of which will, prior to the Closing, be the responsibility of the Company), neither the Company nor any Company Subsidiary has employed any investment banker, broker or finder in connection with the Transactions who might be entitled to any fee or any commission in connection with or upon consummation of the Merger or the Transactions.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except (a) as disclosed in the Parent SEC Documents publicly available and filed with or furnished to the SEC prior to the date of this Agreement (excluding any disclosures in any risk factors section, in any section related to forward-looking statements and any other disclosures or statements that are predictive or forward-looking in nature) where it is reasonably apparent on its face that such disclosure is applicable to any representation or warranty or (b) subject to Section 8.8, as set forth in the corresponding section of the disclosure schedule delivered by Parent to the Company concurrently with the execution and delivery by Parent of this Agreement (the "Parent Disclosure Schedule"), Parent (on behalf of itself and Merger Sub) represents and warrants to the Company as follows:

Section 4.1 Qualification; Organization; Subsidiaries.

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Each Parent Subsidiary, including Merger Sub, is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of organization (in the case of good standing, to the extent such jurisdiction recognizes such concept) and has all requisite corporate or similar power and authority to own, lease and operate its properties and assets, to carry on its business as presently conducted and is qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so organized, validly existing, qualified or in good standing, or to have such power or authority, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Parent has made available to the Company true and complete copies of the certificate of incorporation of Parent, as in effect as of the date of this Agreement (the "Parent Charter"), and the bylaws of Parent, as in effect as of the date of this Agreement (together with the Parent Charter, the "Parent Organizational Documents"). Parent has provided to the Company true and complete copies of the Organizational Documents of Merger Sub and made available to the Company true and complete copies of the Organizational Documents of each "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X promulgated by the SEC) of Parent, in each case, as in effect as of the date of this Agreement (other than those set forth in Section 4.1(c) of the Parent Disclosure Schedule).

(d) Section 4.1(d) of the Parent Disclosure Schedule lists each Parent Subsidiary and its jurisdiction of organization or formation. All of the outstanding shares of capital stock, voting securities or other equity interests of each Parent Subsidiary have been validly issued and are fully paid and nonassessable, as applicable. All of the outstanding shares of capital stock, voting securities and other equity interests of each Parent Subsidiary are owned by (i) Parent, (ii) one or more Parent Subsidiaries or (iii) Parent and one or more Parent Subsidiaries, in each case, free and clear of all Liens. Except for the capital stock, voting securities and other equity interests of the Parent Subsidiaries, neither Parent nor any Parent Subsidiary owns, directly or indirectly, any capital stock, voting securities or other equity interests in any other Person (including through participation in any joint venture or similar arrangement), other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies, and there are no Joint Ventures of Parent.

Section 4.2 Capitalization.

(a) The authorized capital stock of Parent consists of 500,000,000 shares of Parent Common Stock and 50,000,000 shares of preferred stock, par value $0.01 per share ("Parent Preferred Stock"). As of the close of business on the Capitalization Date, (i) (A) 195,123,565 shares of Parent Common Stock were issued and outstanding, which includes no Parent Restricted Shares outstanding as of such date, and (B) 5,453,167 shares of Parent Common Stock were held in Parent's treasury, (ii) Parent RSU Awards covering 519,983 shares of Parent Common Stock were outstanding, (iii) no Parent Performance Share Awards covering shares of Parent Common Stock were outstanding (based on target performance), (iv) 5,608,197 shares of Parent Common Stock were reserved and available for issuance under the Parent Stock Plans, (v) 1,306,820 shares of Parent Common Stock were reserved and available for issuance under the Parent ESPP,

(vi) 4,203,946 shares of Parent Common Stock were reserved for issuance under the Parent DRIP and (vii) no shares of Parent Preferred Stock were issued or outstanding. All shares of Parent Common Stock are duly authorized, validly issued, fully paid and nonassessable and were not issued in violation of any preemptive right, purchase option, call, right of first refusal or any similar right and all shares of Parent Common Stock reserved for issuance as noted in this Section 4.2(a), when issued in accordance with the respective terms thereof, will be duly authorized, validly issued, fully paid and nonassessable and not issued in violation of any preemptive right, purchase option, call, right of first refusal or any similar right. No shares of Parent Common Stock are held by any Parent Subsidiary. Except as set forth in this Section 4.2(a), at the close of business on the Business Day immediately preceding the date of this Agreement, no shares of capital stock, voting securities or other equity interests of Parent were issued, reserved for issuance or outstanding.

(b) Except as set forth in Section 4.2(a), as of the date hereof, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of Parent or any Parent Subsidiary or any securities of Parent or any Parent Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary or (ii) any subscriptions, options, warrants, calls, derivative contract, forward contract or other rights to acquire from Parent or any Parent Subsidiary, or any other obligation of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary (the foregoing clauses (i) and (ii), collectively, "Parent Equity Securities").

(c) There is no outstanding Indebtedness of Parent or any Parent Subsidiary, the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the stockholders of Parent or any Parent Subsidiary on any matter.

(d) There are no voting trusts or other agreements or understandings to which Parent or any Parent Subsidiary is a party with respect to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of, any Parent Equity Securities.

(e) Parent has delivered or made available to the Company an accurate and complete copy of each Parent Stock Plan and the forms of award agreement covering Parent Performance Share Awards, Parent Restricted Shares and Parent RSU Awards (collectively, "Parent Equity Awards"). All grants of Parent Equity Awards were validly made and properly approved by the Parent Board (or a duly authorized committee or subcommittee thereof) in compliance with all applicable Laws and properly recorded on the consolidated financial statements of Parent in accordance with GAAP.

(f) As of the date of this Agreement, the authorized capital stock of Merger Sub consists of one thousand (1,000) shares of common stock, par value $0.01 per share, all of which are validly issued and outstanding. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by Parent or a direct or indirect wholly owned Parent Subsidiary. Merger Sub has outstanding no option, warrant, right or any other agreement pursuant

to which any Person other than Parent may acquire any equity security of Merger Sub. Merger Sub is a newly formed entity for purposes of consummating the Transactions and has not conducted any business prior to the date hereof and has, and prior to the Effective Time will have, no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Transactions.

Section 4.3 Corporate Authority Relative to this Agreement; No Violation.

(a) Each of Parent and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement and to perform its covenants and agreements hereunder and, assuming that the representations and warranties of the Company contained in Section 3.15 are true and correct, to consummate the Transactions, including the Merger, subject, in the case of the Merger, to the Parent Stockholder Approval. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Parent Board and the board of directors of Merger Sub and by Parent, as the sole stockholder of Merger Sub, and, except for the Parent Stockholder Approval, no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize the Merger, the Parent Common Stock Issuance or the consummation of the Transactions. The Parent Board, at a meeting duly called and held, by the affirmative vote of all directors present, adopted resolutions (i) determining that the Transactions, including the Merger and the issuance of shares of Parent Common Stock in connection with the Merger (the "Parent Common Stock Issuance"), are advisable, fair to and in the best interests of Parent and its stockholders, (ii) approving, adopting and declaring advisable this Agreement and the Transactions, including the Merger and the Parent Common Stock Issuance, (iii) directing that the Parent Common Stock Issuance be submitted to Parent's stockholders for approval and (iv) recommending that Parent's stockholders approve the Parent Common Stock Issuance (the "Parent Board Recommendation") at a duly held meeting of Parent's stockholders for such purpose (the "Parent Stockholder Meeting"), and such resolutions have not been subsequently rescinded, modified or withdrawn in any way. This Agreement has been duly and validly executed and delivered by Parent and Merger Sub, and, assuming this Agreement constitutes the legal, valid and binding agreement of the Company, this Agreement constitutes the legal, valid and binding agreement of each of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms; provided that such enforcement may be subject to the Bankruptcy and Equity Exceptions.

(b) Except for (i) such Consents or Filings as may be required under (A) the provisions of the Delaware General Corporation Law, (B) the Exchange Act, (C) the Securities Act, (D) the rules and regulations of the NYSE, (E) the HSR Act and (F) the rules and regulations of the Applicable PSCs (such Consents or Filings referred to in clause (F), collectively, the "Parent Regulatory Approvals"), and (ii) pre-approvals of license transfers by the FCC, and, subject to the accuracy of the representations and warranties of the Company in Section 3.3(b), no Consent of or Filing made to or with any Governmental Entity is necessary or required to be obtained or made under applicable Law in connection with the execution and delivery of this Agreement by Parent and Merger Sub, the performance by Parent and Merger Sub of their respective obligations hereunder or the consummation of the Transactions by Parent and Merger Sub, except for such Consents or Filings that, if not obtained or made, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Except as set forth in clauses (i) and (ii) of Section 4.3(b), the execution and delivery by Parent and Merger Sub of this Agreement do not, and the consummation of the Transactions and compliance with the provisions hereof will not, (i) conflict with, result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation, payment or acceleration of any obligation or to the loss of a benefit under any loan, guarantee of indebtedness or credit agreement, note, bond, mortgage, indenture, lease, agreement, contract, instrument, permit, concession, franchise, right or license binding upon Parent or any Parent Subsidiary or result in the creation of any Lien, other than any such Lien (A) for Taxes or governmental assessments, the charges or claims of payment for which are not yet due or payable, or that are being contested in good faith and for which adequate accruals or reserves have been established, (B) which is a carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar lien arising in the ordinary course of business consistent with past practice, (C) which is disclosed on the most recent consolidated balance sheet of Parent or notes thereto or securing liabilities reflected on such balance sheet, (D) which was incurred in the ordinary course of business consistent with past practice since the date of the most recent consolidated balance sheet of Parent or (E) which does not and would not reasonably be expected to materially impair the continued use and operation of the assets to which they relate as operated as of the date hereof or any property at which the material operations of Parent or any Parent Subsidiary are conducted as of the date hereof (each of the foregoing (A) through (E), a "Parent Permitted Lien"), upon any of the properties or assets of Parent or any Parent Subsidiary, (ii) conflict with or result in any violation of any provision of the Parent Organizational Documents or the Organizational Documents of any Parent Subsidiary or (iii) conflict with or violate any applicable Laws, other than, in the case of clauses (i) and (iii), any such violation, conflict, default, termination, cancellation, payment, acceleration, right, loss or Lien that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.4 SEC Reports; Financial Statements; No Undisclosed Liabilities.

(a) Since January 1, 2023, Parent has furnished or filed on a timely basis all registration statements, prospectuses, reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Parent with the SEC under the Exchange Act or the Securities Act (such documents, together with all exhibits, financial statements, including the Parent Financial Statements, and schedules thereto and all information incorporated therein by reference, but excluding the Joint Proxy Statement, being collectively referred to as the "Parent SEC Documents"). None of the Parent Subsidiaries is or has been required to make or makes any filings with the SEC under the Exchange Act or the Securities Act. Each Parent SEC Document (i) at the time furnished or filed, complied in all material respects with the applicable requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Document and the listing standards and corporate governance rules and regulations of the NYSE and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no outstanding or unresolved comments received from the SEC with respect to any of the Parent SEC Document, and, to the Knowledge of Parent, none of the Parent SEC Documents is the subject of any outstanding SEC comment or investigation. As of the date hereof, Parent is in compliance in all material respects with all current listing standards of the NYSE.

(b) Each of the consolidated financial statements of Parent (including any related notes) contained or incorporated by reference in the Parent SEC Documents (the "Parent Financial Statements") (i) complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, (ii) was prepared in accordance with GAAP (except, in the case of unaudited quarterly financial statements, as permitted by the SEC) applied on a consistent basis during the periods and as of the dates involved (except as may be indicated in the notes thereto), (iii) fairly presents in all material respects, in accordance with GAAP, the consolidated financial position of Parent and the Parent Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited quarterly financial statements, to normal year-end audit adjustments that are not material and to any other adjustments described therein, including the notes thereto) and (iv) was prepared from, and in accordance with, the books and records of Parent and the Parent Subsidiaries in all material respects. No financial statements of any Person other than Parent and the Parent Subsidiaries are required by GAAP to be included in the Parent Financial Statements. The books and records of Parent and the Parent Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements. As of the date of this Agreement, PricewaterhouseCoopers LLP has not resigned (or informed Parent that it intends to resign) or been dismissed as independent public accountants of Parent.

(c) Parent maintains, and at all times since January 1, 2023 has maintained, a system of "internal control over financial reporting" (as defined in Rule 13a-15 or 15d-15, as applicable, under the Exchange Act). Such internal control over financial reporting is sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in all material respects. Parent maintains "disclosure controls and procedures" required by Rule 13a-15 or 15d-15 under the Exchange Act that are sufficient to ensure that information required to be disclosed by Parent in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported on a timely basis to the individuals responsible for the preparation of Parent's filings with the SEC and other public disclosure documents. Parent has disclosed in writing, based on its most recent evaluation prior to the date of this Agreement, to Parent's outside auditors and the audit committee of the Parent Board (i) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that are reasonably likely to adversely affect Parent's ability to record, process, summarize and report financial information and (ii) any fraud, known to Parent, whether or not material, that involves management or other employees who have a significant role in Parent's internal controls over financial reporting. There is no reason to believe that Parent's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due. Since January 1, 2023, no executive officer of Parent has failed in any respect to make the certifications required of such executive officer under Section 302 or Section 906 of the Sarbanes-Oxley Act. Neither Parent nor any of its executive officers has received notice from any Governmental Entity challenging or questioning the accuracy, completeness, form or manner of filing of such certifications.

(d) Neither Parent nor any Parent Subsidiary is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among Parent or any Parent Subsidiary, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or person, on the other hand, or any "off-balance-sheet arrangements" (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, Parent or any Parent Subsidiary in the Parent Financial Statements or other Parent SEC Documents.

(e) Since January 1, 2023, (i) none of Parent or any Parent Subsidiary, nor, to the Knowledge of Parent, any director or officer of Parent or any Parent Subsidiary, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding accounting, internal accounting controls or auditing practices, procedures, methodologies or methods of Parent or any Parent Subsidiary or any material complaint, allegation, assertion or claim from employees of Parent or any Parent Subsidiary regarding questionable accounting or auditing matters with respect to Parent or any Parent Subsidiary and (ii) to the Knowledge of Parent, no attorney representing Parent or any Parent Subsidiary, whether or not employed by Parent or any Parent Subsidiary, has reported evidence of a violation of securities laws, breach of fiduciary duty or similar violation by Parent, any Parent Subsidiary or any of their respective officers, directors, employees or agents to the Parent Board or any committee thereof, or to the Parent CEO or the general counsel of Parent.

(f) Except (i) as reflected or reserved against in Parent's most recent audited consolidated balance sheets (or stated in the notes thereto) included in the Parent SEC Documents filed prior to the date hereof, (ii) for liabilities and obligations incurred in the ordinary course of business consistent with past practice after the date of such balance sheet and (iii) liabilities incurred in connection with the Merger or any of the other Transactions or agreements contemplated by this Agreement, neither Parent nor any Parent Subsidiary has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that would be required by GAAP to be reflected on a consolidated balance sheet of Parent and its consolidated Subsidiaries (or in the notes thereto), other than those which would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.5 Absence of Certain Changes or Events.

(a) Since January 1, 2025 through the date of this Agreement, there has not been any Change that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Since January 1, 2025 through the date of this Agreement, each of Parent and the Parent Subsidiaries has conducted its respective business in the ordinary course of business consistent with past practice in all material respects, except for in connection with the Transactions.

Section 4.6 Litigation. Neither Parent nor any Parent Subsidiary is party to, and there is no Claim before any Governmental Entity pending or, to the Knowledge of Parent, threatened against Parent, any Parent Subsidiary, or any of their current or former directors or executive officers that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. There is no Judgment outstanding against or, to the Knowledge of Parent, investigation by any Governmental Entity of Parent, any Parent Subsidiary, any of their respective properties or assets, or any of their current or former directors or executive officers, that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.7 Information Supplied. None of the information provided or to be provided by Parent or the Parent Subsidiaries for inclusion or incorporation by reference in the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided that, with respect to projected financial information provided by or on behalf of Parent, Parent represents only that such information was prepared in good faith by management of Parent on the basis of assumptions believed by such management to be reasonable as of the time made. None of the information provided by Parent or the Parent Subsidiaries for inclusion or incorporation by reference in the Joint Proxy Statement will, at the date it is first mailed to Parent's stockholders or the Company's shareholders at the time of the Parent Stockholder Meeting or the Company Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that, with respect to projected financial information provided by or on behalf of Parent, Parent represents only that such information was prepared in good faith by management of Parent on the basis of assumptions believed by such management to be reasonable as of the time made. The Form S-4 and the Joint Proxy Statement (other than the portion thereof relating solely to the Company Shareholder Meeting) will comply as to form in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations thereunder. Notwithstanding the foregoing provisions of this Section 4.7, no representation or warranty is made by Parent with respect to information or statements made or incorporated by reference in the Form S-4 or the Joint Proxy Statement that were not supplied by or on behalf of Parent.

Section 4.8 Compliance with Law; Permits.

(a) Except for matters that would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, since January 1, 2023, (i) Parent and the Parent Subsidiaries are in compliance with all applicable Laws and all Permits applicable to the business and operations of Parent and the Parent Subsidiaries, (ii) Parent and each Parent Subsidiary hold, and are in compliance with, all Permits required by Law for the conduct of their respective businesses as they are now being conducted and (iii) all Permits of Parent and the Parent Subsidiaries are valid and in full force and effect. None of Parent, the Parent Subsidiaries or, to the Knowledge of Parent, their respective Representatives (A) is a Sanctioned Person, (B) is a Person that is owned or controlled by a Sanctioned Person, (C) is located, organized or resident in a Sanctioned Jurisdiction or (D) has or is now, in connection with the business of Parent or the Parent Subsidiaries, engaged in any dealings or transactions (1) with any Sanctioned Person, (2) in any Sanctioned Jurisdiction or (3) otherwise in material violation of Sanctions.

(b) Since January 1, 2020, Parent, the Parent Subsidiaries, and their respective directors, officers, employees, and, to the Knowledge of Parent, their Representatives have complied with applicable Anti-Corruption Laws. Neither Parent, the Parent Subsidiaries, nor their directors, officers, employees, or, to the Knowledge of Parent, any Representative has, directly or indirectly, since January 1, 2020 given, offered, promised, or authorized the giving of any payment, gift or other item of value or similar benefit to any Person (including any foreign official, foreign political party, foreign political party official or candidate for foreign political office) in violation of any applicable Anti-Corruption Law. Parent has not (i) received written or oral notice of or made a voluntary, mandatory or directed disclosure to any Governmental Entity relating to any actual or potential violation of any Anti-Corruption Law or (ii) been a party to or the subject of any pending or, to the Knowledge of Parent, threatened action or investigation related to any actual or potential violation of Anti-Corruption Laws. Parent has implemented and maintains policies and procedures reasonably designed to ensure compliance by its directors, officers, employees, and Representatives with applicable Anti-Corruption Laws.

(c) Notwithstanding anything contained in this Section 4.8, no representation or warranty shall be deemed to be made in this Section 4.8 in respect of the matters referenced in Section 4.4, or in respect of Tax, employee benefits, labor or compliance with Environmental Laws.

Section 4.9 Tax Matters. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect:

(a) Each of Parent and each of the Parent Subsidiaries has (i) timely filed or caused to be filed (taking into account any extension of time within which to file) all Tax Returns required to have been filed by it, and all such Tax Returns were true, correct and complete, (ii) timely paid in full or caused to be paid in full to the appropriate Governmental Entity all Taxes required to be paid by it (whether or not shown as due on such Tax Returns), (iii) established adequate accruals and reserves, in accordance with GAAP, on the financial statements included in the Parent SEC Documents for all Taxes payable by Parent and the Parent Subsidiaries for all taxable periods and portions thereof through the date of such financial statements and (iv) not received any written notice of any deficiencies for any Tax of Parent or any of the Parent Subsidiaries from any taxing authority for which there are not adequate accruals or reserves on the financial statements included in the Parent SEC Documents.

(b) Neither Parent nor any Parent Subsidiary is the subject of any currently ongoing examination, audit, litigation or other proceeding with respect to Taxes, nor has any examination, audit, litigation or other proceeding with respect to Taxes been proposed against any of them in writing, and any deficiencies asserted or assessments made as a result of any examination, audit, litigation or other proceeding with respect to Taxes have been paid in full or are being contested in good faith and adequate accruals or reserves for such deficiencies or assessments have been established. There are no Liens for Taxes on any of the assets of Parent or any Parent Subsidiary other than Parent Permitted Liens. No claim has ever been made in writing by a taxing authority of a jurisdiction where Parent or any Parent Subsidiary has not filed Tax Returns or paid taxes of a particular type that Parent or such Subsidiary is or may be subject to taxation by that jurisdiction, or is required to file Tax Returns or pay Taxes of such type in such jurisdiction.

(c) Neither Parent nor any Parent Subsidiary (i) has ever been a member of any affiliated, combined, unitary or other similar group (other than any such group the common parent of which is Parent or any Parent Subsidiary), (ii) is a party to or bound by any written Tax allocation, indemnification, sharing or similar agreement (other than an agreement exclusively between or among Parent and the Parent Subsidiaries), except for customary commercial agreements entered into in the ordinary course of business the primary purpose of which is not related to Taxes, or (iii) has any liability for any Taxes of any Person (other than Parent or any Parent Subsidiary) under Section 1.1502-6 of the Treasury regulations promulgated under the Code (or any analogous or similar provision of any state, local or non-U.S. Tax Law), as a transferee or successor, by contract (other than pursuant to customary commercial agreement entered into in the ordinary course of business the primary purpose of which is not related to Taxes), or otherwise by operation of Law.

(d) Parent and the Parent Subsidiaries (A) have timely paid, deducted, withheld and collected all amounts required to be paid, deducted, withheld or collected by any of them with respect to any payment owing to, or received from, their employees, creditors, independent contractors, customers and other third parties (and have timely paid over, or set aside in accounts for such purpose, any amounts so withheld, deducted or collected to the appropriate Governmental Entity), and (B) have otherwise complied with all applicable Laws relating to the payment, withholding, collection and remittance of Taxes (including information reporting requirements).

(e) Neither Parent nor any Parent Subsidiary has distributed stock of another Person, or has had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355(a) of the Code within the past two (2) years or otherwise as part of a plan that includes the Merger.

(f) Neither Parent nor any Parent Subsidiary has participated in any "listed transaction" within the meaning of Section 1.6011-4(b)(2) of the Treasury regulations promulgated under the Code (or any analogous or similar provision of state, local or non-U.S. Law).

(g) Neither Parent nor any Parent Subsidiary (i) has filed or agreed to any extension of time within which to file any Tax Returns that have not been filed, except for automatic extensions of time to file income Tax Returns entered into in the ordinary course of business, (ii) has entered into any agreement or other arrangement waiving or extending the statute of limitations or the period of assessment or collection of any Taxes, (iii) has applied for a ruling from a taxing authority relating to any Taxes that has not been granted or has proposed to enter into an agreement with a taxing authority that is pending or (iv) is party to or bound by any "closing agreement" as described in Section 7121 of the Code (or any analogous or similar provision of state, local or non-U.S. Tax Law) or any private letter rulings, technical advice memoranda or similar agreement or rulings by or with any taxing authority.

(h) Neither Parent nor any Parent Subsidiary has taken or agreed to take any action, intends to take any action, or has Knowledge of any fact or circumstance, in each case, that could reasonably be expected to prevent or impede the Merger from qualifying as, or to cause the Merger to fail to qualify as, a "reorganization" within the meaning of Section 368(a)(1) of the Code.

(i) It is agreed and understood that no representation or warranty is made by Parent in respect of Tax matters in any Section of this Agreement other than Section 4.4, this Section 4.9 and Section 4.10.

Section 4.10 Employee Benefit Plans.

(a) Section 4.10(a) of the Parent Disclosure Schedule sets forth a complete and accurate list of all material Parent Benefit Plans. With respect to each material Parent Benefit Plan, Parent has made available to the Company copies of, as applicable, (i) each summary plan description and summaries of material modifications, (ii) the most recent IRS determination letter or foreign equivalent issued by a Governmental Entity, as may be applicable, (iii) actuarial reports and financial statements for the most recently completed fiscal year, (iv) the most recent annual report (Form 5500) and all applicable schedules thereto or foreign equivalent and (v) all material, non-routine documents and correspondence relating thereto received from or provided to any Governmental Entity during the past year.

(b) Each Parent Benefit Plan has been operated and administered in all material respects in accordance with its terms and all applicable Laws, including ERISA and the Code. Each Parent Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code is the subject of a favorable determination letter from the Internal Revenue Service as to its qualification and, to Parent's Knowledge, no event has occurred that could reasonably be expected to result in the disqualification of such Parent Benefit Plan. Since January 1, 2023, there have not been any actions pending against or involving or, to Parent's Knowledge, threatened against or threatened to involve any Parent Benefit Plan (other than routine claims for benefits). No events have occurred with respect to any Parent Benefit Plan that has resulted in, or to Parent's Knowledge, would reasonably be expected to result in, the assessment of any material excise Taxes or penalties against Parent. All contributions, premiums and payments that are due to have been made for each Parent Benefit Plan within the time periods prescribed by the terms of such plan and applicable Law have been made.

(c) Parent does not sponsor, contribute to, have an obligation to contribute to or have any liability, and has not since January 1, 2019, sponsored, contributed to, had an obligation to contribute to or had any liability with respect to (i) a plan subject to Title IV of ERISA, including any defined benefit plan (as defined in Section 3(35) of ERISA), (ii) a multiple employer plan subject to Section 4063 or 4064 of ERISA, (iii) a plan subject to Section 302 of ERISA or Section 412 of the Code, (iv) a multiple employer welfare arrangement (as defined in Section 3(40)(A) of ERISA) or (v) a voluntary employees' beneficiary association under Section 501(c)(9) of the Code. Neither Parent nor any Parent Subsidiary contributes to a "multiemployer plan" (as defined in Section 3(37) of ERISA). Other than routine claims for benefits, no liability under Title IV of ERISA has been incurred by Parent or any Parent Subsidiary that has not been satisfied in full when due, and no condition exists that could reasonably be expected to result in a material liability to Parent or any Parent Subsidiary under Title IV of ERISA.

(d) The consummation of the Transactions will not (i) entitle any current or former employee, director, consultant or other individual service provider of Parent or any Parent Subsidiary to any compensation or benefits (including severance, retention or change in control pay, unemployment compensation or any other payment), (ii) accelerate the time of payment or vesting, or increase the amount, of compensation due any such current or former employee or director or (iii) limit or restrict the right of Parent and, after the consummation of the Transactions, Parent or the Surviving Corporation, to merge, amend or terminate any Parent Benefit Plans.

(e) There are no material pending or, to Parent's Knowledge, threatened Claims against, by or on behalf of, or any Liens filed against or with respect to, any of the Parent Benefit Plans or otherwise involving any Parent Benefit Plan.

(f) Neither Parent nor any Parent Subsidiary is a party to any agreement, contract or arrangement that would reasonably be expected to result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(g) Parent has no obligation to gross-up, indemnify or otherwise reimburse any current or former employee, director, consultant or other individual service provider for any Tax incurred by such individual, including under Section 409A or 4999 of the Code.

(h) No Parent Benefit Plan provides any benefits, including death or medical benefits (whether or not insured), with respect to current or former employees or directors of Parent or any Parent Subsidiary beyond their retirement or other termination of service, other than (i) health continuation coverage pursuant to Section 4980B of the Code, (ii) coverage mandated solely by applicable Law, or (iii) benefits the full costs of which are borne by the current or former employee or director or his or her beneficiary.

(i) Each Parent Benefit Plan that is in any part a "nonqualified deferred compensation plan" subject to Section 409A of the Code complies and has complied, both in form and operation, in all material respects, with the requirements of Section 409A of the Code and the final regulations and other applicable guidance thereunder.

Section 4.11 Employment and Labor Matters.

(a) (i) To the Knowledge of Parent, since January 1, 2023, no Union has attempted to organize employees at Parent or any Parent Subsidiary or filed a petition with the National Labor Relations Board seeking to be certified as the bargaining representative of any employees of Parent or any Parent Subsidiary ("Parent Employees"), (ii) since January 1, 2023, there have been no actual or, to the Knowledge of Parent, threatened (A) work stoppages, lock-outs or strikes, (B) slowdowns, boycotts, handbilling, picketing, walkouts, demonstrations, leafleting, sit-ins or sick-outs by Parent Employees, causing significant disruption to the operations of a Parent facility, or (C) other form of Union disruption at Parent or any Parent Subsidiary, (iii) except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, there is no unfair labor practice, labor dispute, or labor arbitration proceeding pending or, to the Knowledge of Parent, threatened with respect to Parent Employees and (iv) neither Parent nor any Parent Subsidiary are required under applicable Law or Contract to provide notice to, or to enter into any consultation procedure with, any Union or similar foreign labor organization, in connection with the execution of this Agreement or the Transactions.

(b) Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (i) Parent and the Parent Subsidiaries are, and since January 1, 2023 have been, in compliance with all applicable state, federal, and local Laws respecting labor and employment, including all Laws relating to discrimination, disability, labor relations, unfair labor practices, hours of work, payment of wages, employee benefits, retirement benefits, compensation, immigration, workers' compensation, working conditions, occupational safety and health, family and medical leave, reductions in force, plant closings, notification of employees, and employee terminations and (ii) neither Parent nor any Parent Subsidiary has any liabilities under the WARN Act or any state or local Laws requiring notice with respect to such layoffs or terminations.

(c) Except for such matters that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, since January 1, 2023, (i) no Governmental Entity has initiated or, to the Knowledge of Parent, threatened to initiate, any material complaints, charges, lawsuits, grievances, claims, arbitrations, administrative proceedings, or other proceeding(s) or investigation(s) with respect to Parent or the Parent Subsidiaries arising out of, in connection with, or otherwise relating to any Parent Employees or any Laws governing labor or employment, and (ii) no Governmental Entity has issued or, to the Knowledge of Parent, threatened to issue any significant citation, order, judgment, fine or decree against Parent or any of the Parent Subsidiaries with respect to any Parent Employees or any Laws governing labor or employment.

(d) To the Knowledge of Parent, no Parent Employee is in any respect in violation of any term of any employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, non-competition agreement, restrictive covenant or other obligation (i) to Parent or any Parent Subsidiary or (ii) to a former employer of any such employee relating (A) to the right of any such employee to be employed by Parent or any Parent Subsidiary or (B) to the knowledge or use of trade secrets or proprietary information.

(e) Since January 1, 2023, neither Parent nor any Parent Subsidiary is or has been party to a settlement agreement with a current or former officer, employee or independent contractor of Parent or the Parent Subsidiaries that involves allegations relating to harassment or discrimination of any kind by either (i) an officer of Parent or any Parent Subsidiary or (ii) an employee of Parent or any Parent Subsidiary at the level of Senior Vice President or above. To the Knowledge of Parent, since January 1, 2023, no allegations of harassment or discrimination of any kind have been made against (i) any officer of Parent or any Parent Subsidiary or (ii) an employee of Parent or any Parent Subsidiary at a level of Senior Vice President or above.

Section 4.12 Environmental Laws and Regulations.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect:

(i) there is no pending or, to the Knowledge of Parent, threatened claim, lawsuit, or administrative proceeding against Parent or any Parent Subsidiary, under or pursuant to any Environmental Law, and neither Parent nor any Parent Subsidiary has received notice from any Person, including any Governmental Entity, alleging that Parent has been or is in violation or potentially in violation of any applicable Environmental Law or otherwise may be liable under any applicable Environmental Law, which violation or liability is unresolved;

(ii) Parent and the Parent Subsidiaries are and, since January 1, 2020, have been in compliance with all applicable Environmental Laws and with all material permits, licenses and approvals required under Environmental Laws for the conduct of their business or the operation of their facilities;

(iii) Parent and the Parent Subsidiaries have all material permits, licenses, authorizations and any other approvals required for the ownership operation of the businesses and their facilities pursuant to applicable Environmental Law, all such permits, licenses and approvals are in effect, and, to the Knowledge of Parent, there is no actual or threatened proceeding to revoke, modify or terminate such permits, licenses, authorizations and approvals;

(iv) there has been no release of Hazardous Materials at any real property currently or, to the Knowledge of Parent, formerly owned, leased, or operated by Parent or any Subsidiary in concentrations or under conditions or circumstances that (A) would reasonably be expected to result in liability to Parent or any Parent Subsidiary under any Environmental Laws or (B) would require reporting, investigation, remediation, or other corrective or response action by Parent or any Subsidiary under any Environmental Law and that has not otherwise been addressed through such reporting, investigation, remediation, or other corrective or responsive action by Parent or any Subsidiary;

(v) Parent is not party to any order, judgment or decree that imposes any obligations under any Environmental Law and, to the Knowledge of Parent, has not, either expressly or by operation of Law, undertaken any such obligations, including any obligation for corrective or remedial action, of any other person; and

(vi) this Agreement and the Transactions will not trigger, or otherwise be subject to, any Environmental Law requiring the investigation or remediation of environmental conditions at any property currently owned or leased by Parent or any of the Parent Subsidiaries as a result of such transactions, including the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. and all implementing rules and regulations, and neither Parent nor any Parent Subsidiary has any unresolved obligations under any such Environmental Laws.

(b) Parent has delivered or otherwise made available for inspection to the Company (including through documents or discussions) information reasonably describing any (i) material unresolved liabilities under Environmental Law, (ii) Hazardous Materials in, on, beneath or adjacent to any property currently or formerly owned, operated or leased by Parent or any of the Parent Subsidiaries that would be reasonably likely to form the basis of any material claim against Parent or any of the Parent Subsidiaries under Environmental Law or (iii) material non-compliance with Environmental Laws by Parent or any of the Parent Subsidiaries.

Section 4.13 Insurance. Except as would not have or would not be reasonably expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) Parent and the Parent Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of Parent reasonably has determined in good faith to be prudent and consistent with industry practice, and Parent and the Parent Subsidiaries are in compliance in all material respects with their insurance policies and are not in default under any of the terms thereof and (b) all material fire and casualty, general liability, director and officer, business interruption, product liability, and sprinkler and water damage insurance policies maintained by Parent or any Parent Subsidiary ("Parent Insurance Policies") are in full force and effect, all premiums due with respect to all Parent Insurance Policies have been paid and neither Parent nor any Parent Subsidiary has received any written notice of cancellation, invalidation or non-renewal of any Parent Insurance Policy. Parent has made available to the Company a summary of the Parent Insurance Policies.

Section 4.14 Required Vote of Parent Stockholders; Merger Sub Approval.

(a) The affirmative vote of holders of a majority of the Parent Common Stock present or represented and entitled to vote on the Parent Common Stock Issuance at the Parent Stockholder Meeting (so long as a quorum is present) is the only vote of the holders of any class or series of Parent capital stock necessary to approve the Parent Common Stock Issuance (the "Parent Stockholder Approval"), and no other vote of the holders of any class or series of Parent capital stock is necessary to approve the Parent Common Stock Issuance or to approve this Agreement or the Transactions.

(b) The board of directors of Merger Sub, by written consent duly adopted prior to the date hereof, (i) determined that this Agreement and the Transactions are advisable and in the best interests of Merger Sub and its stockholder, (ii) duly approved this Agreement and the Transactions, which approval has not been rescinded or modified and (iii) submitted this Agreement for adoption, and the Transactions for approval, by Parent, as the sole stockholder of Merger Sub. Parent, as the sole stockholder of Merger Sub, has duly adopted this Agreement and approved the Transactions.

Section 4.15 Lack of Ownership of Company Common Stock. Neither Parent nor any Parent Subsidiary beneficially owns, directly or indirectly, any shares of Company Common Stock or other securities convertible into, exchangeable for or exercisable for shares of Company Common Stock or any securities of any Company Subsidiary (other than, for the avoidance of doubt, any shares of Company Common Stock that may be held by Parent Benefit Plans), and neither Parent nor any Parent Subsidiary has any rights to acquire any shares of Company Common Stock except pursuant to this Agreement. There are no voting trusts or other agreements or understandings to which Parent or any Parent Subsidiary is a party with respect to the voting of the capital stock or other equity interest of the Company or any Company Subsidiary.

Section 4.16 Regulatory Matters.

(a) Section 4.16(a) of the Parent Disclosure Schedule lists each Parent Subsidiary that is subject to regulation by a state regulatory commission as a public utility or public service company (or similar designation) and the states where such Parent Subsidiary is subject to such regulation (the "Regulated Parent Subsidiaries"). Other than as set forth in Section 4.16(a) of the Parent Disclosure Schedule, as of the date hereof, neither Parent nor any Parent Subsidiary is subject to regulation as a public utility or public service company (or similar designation) by any state in the U.S. or in any foreign country. No asset of Parent or any of the Regulated Parent Subsidiaries is currently disallowed from recovery in rates based on its value and associated expenses in any ratemaking procedure before any Applicable PSC, as applicable.

(b) All filings (other than immaterial filings) required to be made by Parent or any Parent Subsidiary since January 1, 2023 with any applicable state public utility commissions and under applicable state Law, as the case may be, have been made, including all forms, statements, reports, agreements and all documents, exhibits, amendments and supplements appertaining thereto, including all rates, tariffs, franchises, service agreements, and related documents, and all such filings complied, as of their respective dates, with all applicable requirements of applicable Laws, except for filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of applicable Laws, would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(c) Each of Parent and the Parent Subsidiaries, as applicable, is legally entitled to provide services in all areas (i) where it currently provides service to its customers and (ii) as identified in its respective Permits, in each case, except for failures to be so entitled that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) As of the date hereof, neither Parent nor any Parent Subsidiary all or part of whose rates or services are regulated by a Governmental Entity (i) is a party to any rate proceeding before a Governmental Entity with respect to rates charged by Parent or any Parent Subsidiary other than in the ordinary course of business consistent with past practice, (ii) other than as set forth in Section 4.16(d) of the Parent Disclosure Schedule, has rates in any amounts that have been or are being collected subject to refund, pending final resolution of any rate proceeding pending before a Governmental Entity or on appeal to a court (other than rates based on estimated costs or revenues that are subject to adjustment once the actual costs or revenues become known) or (iii) is a party to any contract with any Governmental Entity entered into other than in the ordinary course of business consistent with past practice imposing conditions on rates or services in effect as of the date hereof or which, to the Knowledge of Parent, are as of the date hereof scheduled to go into effect at a later time, except, in the case of clauses (i) through (iii), that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.17 Water Quality and Water Rights. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, (a) the drinking water supplied by Parent and the Parent Subsidiaries to their respective customers is and has been, since January 1, 2023, in compliance with all applicable federal and state drinking water standards and (b) Parent and the Parent Subsidiaries have all rights, authorizations, permits, easements, prescriptive rights and rights of way, whether or not of record, which are necessary to extract and deliver water to their respective customers in a manner adequate and sufficient for the conduct of its business as currently conducted (the "Parent Water Rights"). To the Knowledge of Parent, (i) there is not any existing breach or default by Parent or any Parent Subsidiary under any of the Parent Water Rights which (with or without notice, lapse of time or both) would cause any of the Parent Water Rights to be lost, revoked or compromised or not be satisfied and (ii) there is no other reason to believe that any Parent Water Rights will be lost, revoked or compromised or will not be satisfied, except, in each of clauses (i) and (ii), as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.18 Intellectual Property; Information Technology; Data Protection.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, Parent and the Parent Subsidiaries own or have a valid right to use all Intellectual Property Rights used in connection with and reasonably necessary for the business of Parent and the Parent Subsidiaries as currently conducted. To the Knowledge of Parent, neither Parent nor any Parent Subsidiary has infringed, misappropriated or violated in any material respect any Intellectual Property Rights of any third party except where such infringement, misappropriation or violation would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. To the Knowledge of Parent, no third party is infringing, misappropriating or violating any Intellectual Property Rights owned or exclusively licensed by or to Parent or any Parent Subsidiary, except where such infringement, misappropriation or violation would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, the computer systems (including the software, hardware, networks, platforms and related systems) used in connection with the business of Parent or any Parent Subsidiary are adequate and sufficient for the operation of the business of Parent and the Parent Subsidiaries as currently conducted.

(c) Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, since January 1, 2023, Parent and the Parent Subsidiaries have in all material respects Processed Personal Data in compliance with Information Privacy Requirements. Since January 1, 2023, to the Knowledge of Parent, no Claim or investigation has been filed, commenced or threatened in writing against Parent or any Parent Subsidiary alleging, and neither Parent nor any Parent Subsidiary have given any written Claim of, any material failure to comply with any Information Privacy Requirement. Except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, since January 1, 2023, Parent and the Parent Subsidiaries have implemented and maintained industry standard administrative, technical, physical and organizational security measures, including written policies and procedures designed to protect the integrity, confidentiality and security of Personal Data Processed by Parent or the Parent Subsidiaries.

Section 4.19 Real Property.

(a) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, each of Parent and the Parent Subsidiaries has either good, valid or marketable fee title to each parcel of real property owned in whole or in part by Parent or any Parent Subsidiary, together with all buildings and other structures, facilities or improvements located thereon and all easements, licenses, rights and appurtenances of Parent or any Parent Subsidiary relating to the foregoing (collectively, the "Parent Owned Real Property") free and clear of all Liens, other than Parent Permitted Liens. Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, there are no outstanding agreements, options, rights of first offer or rights of first refusal, leases, licenses or other occupancy agreements granting to any third party any right to purchase, use, occupy or enjoy any Parent Owned Real Property or any portion thereof or interest therein.

(b) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, each of Parent and the Parent Subsidiaries holds a valid and existing leasehold or other real property interest in all leasehold or subleasehold estates, license or occupancy agreements (collectively, the "Parent Real Property Leases"), easements, rights of ways or other real property rights to the land, buildings, wires, pipes, structures and other improvements thereon and fixtures thereto necessary to permit it to conduct its business as currently conducted (whether written or oral), and all amendments or modifications thereto (collectively, the "Parent Leased Real Property"). Except as would not reasonably be expected to interfere in any material respect with the current use and operation of the Parent Leased Real Property by Parent and the Parent Subsidiaries, each Parent Real Property Lease is in full force and effect, and Parent or a Parent Subsidiary holds a valid and existing leasehold or other real property interest in all of the Parent Leased Real Property, free and clear of all subtenancies and other occupancy rights, and Liens other than Parent Permitted Liens. All parties to each Parent Real Property Lease are in material compliance with the terms thereof and there are no material defaults thereunder or events, which with the passage of time or notice, or both, would constitute a material default.

(c) With respect to each Parent Owned Real Property and each Parent Leased Real Property, (i) neither Parent nor any of the Parent Subsidiaries has received written notice of any pending or threatened eminent domain, condemnation, or similar taking proceedings, (ii) neither Parent nor any of the Parent Subsidiaries has received any written notice that would reasonably be likely to cause either Parent or any of the Parent Subsidiaries to materially curtail its operations at such property, or that would reasonably be expected to materially impair such operations, (iii) to the Knowledge of Parent, each Parent Owned Real Property and each Parent Leased Real Property is in compliance with all applicable Laws, except as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect and (iv) all utilities presently serving the Parent Owned Real Property and Parent Leased Real Property are presently adequate to service the existing normal operations of Parent and the Parent Subsidiaries, in each case, except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) Except as would not have or would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect, the Parent Owned Real Property and Parent Leased Real Property, including all structures, buildings, fixtures, building systems, facilities, improvements or the like located thereon, are in good operating condition and repair, ordinary wear and tear and deferred maintenance excepted, and are sufficient for the uses in which such properties are presently employed.

Section 4.20 Material Contracts.

(a) Except for this Agreement, as set forth in Section 4.20 of the Parent Disclosure Schedule and Parent Benefit Plans, as of the date hereof, neither Parent nor any Parent Subsidiary is a party to or bound by any Contract that:

(i) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K promulgated by the SEC);

(ii) would, after giving effect to the Merger, materially limit or materially restrict the Surviving Corporation or any of its Subsidiaries or any successor thereto, from engaging or competing in any line of business that it currently engages in or is a reasonable extension thereof (including with respect to Parent after the Effective Time) or in any geographic area (including through exclusivity, non-solicitation or "most favored nation" provisions with respect to customers);

(iii) limits or otherwise restricts the ability of Parent or any Parent Subsidiary to pay dividends or make distributions to its stockholders;

(iv) (A) is an indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other agreement or commitment that provides for or relates to any Indebtedness of Parent or any Parent Subsidiary, including any sale and leaseback transactions or other similar financing arrangements or (B) provides for the guarantee, support, indemnification, assumption or endorsement by Parent or any Parent Subsidiary of, or any similar commitment by Parent or any Parent Subsidiary with respect to, the obligations, liabilities or Indebtedness of any other Person of the nature described in clause (A), in the case of each of clauses (A) and (B), in the principal amount of $200,000,000 or more;

(v) is a settlement, consent or similar Contract to resolve litigation and that contains any material continuing obligations of Parent or any Parent Subsidiary;

(vi) is a collective bargaining agreement, work rules or other agreement with any Union;

(vii) (A) is a joint venture, partnership or limited liability company agreement or other similar Contract relating to the formation, creation, operation, management or control of any Joint Venture of Parent (other than any such Contract solely among any of Parent and the wholly owned Parent Subsidiaries), in each case, that is material to Parent and the Parent Subsidiaries taken as a whole or (B) is a shareholder or stockholder agreement between Parent or any Parent Subsidiary, on the one hand, and any other Person, on the other hand;

(viii) grants any right of first refusal, right of first offer, or right of first negotiation with respect to any assets, rights or properties of Parent or the Parent Subsidiaries that are material to Parent and the Parent Subsidiaries taken as a whole; or

(ix) relates to any past or pending acquisition or disposition of any Person, business or assets constituting a business and under which Parent or the Parent Subsidiaries have any material continuing guarantee, "earnout" or other contingent, deferred or fixed payment obligations.

(b) Each Contract of the type described in this Section 4.20, whether or not set forth on Section 4.20 of the Parent Disclosure Schedule and whether or not entered into on or prior to the date hereof, is referred to herein as a "Parent Material Contract." Parent has made available to the Company true, correct and complete copies of each Parent Material Contract in effect as of the date hereof (other than any Contracts publicly available and filed as exhibits to the Parent SEC Documents prior to the date of this Agreement), excluding any schedules, annexes, exhibits, work orders, statements of work or other ancillary documents with respect to any such Parent Material Contracts that are no longer in force or effect or do not contain terms that are, individually or in the aggregate, material to Parent and the Parent Subsidiaries, taken as a whole.

(c) Each Parent Material Contract is a valid and binding obligation of Parent or the Parent Subsidiary party thereto enforceable against Parent or such Parent Subsidiary in accordance with its terms (except that such enforcement may be subject to the Bankruptcy and Equity Exceptions) and, to Parent's Knowledge, each other party thereto, and is in full force and effect, and each of Parent and each of the Parent Subsidiaries which is a party thereto has performed in all material respects all obligations required to be performed by it to the date hereof under each Parent Material Contract and, to Parent's Knowledge, each other party to each Parent Material Contract has performed in all material respects all obligations required to be performed by it under such Parent Material Contract, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. Parent has no Knowledge of, and none of Parent or any Parent Subsidiary has received notice of, any violation of or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under) any Parent Material Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

Section 4.21 Opinion of Financial Advisor. The Parent Board has received the oral opinion of BofA Securities, Inc., which opinion will be subsequently confirmed in writing, to the effect that, as of the date of such opinion and based upon and subject to the various factors, limitations, qualifications, assumptions and other matters set forth therein, the Exchange Ratio provided for in the Merger is fair, from a financial point of view, to Parent. Parent shall, promptly following receipt of said opinion in written form, furnish an accurate and complete copy of said opinion to the Company solely for informational purposes and on a non-reliance basis.

Section 4.22 Finders or Brokers. Except for BofA Securities, Inc. (the fees and expenses of which will be the responsibility of Parent), neither Parent nor any Parent Subsidiary has employed any investment banker, broker or finder in connection with the Transactions who might be entitled to any fee or any commission in connection with or upon consummation of the Merger or the Transactions.

ARTICLE V

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business by the Company.

(a) Except (i) for matters set forth in Section 5.1(a) of the Company Disclosure Schedule or otherwise expressly contemplated or required by this Agreement, (ii) as required by applicable Law or (iii) with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), from and after the date of this Agreement until the earlier to occur of the Effective Time and the termination of this Agreement in accordance with Section 7.1 (the "Interim Period"), the Company shall, and shall cause each Company Subsidiary to, use commercially reasonable efforts to (A) conduct its business in the ordinary course of business consistent with past practice in all material respects and (B) preserve intact its present business organizations and maintain their relationships with Governmental Entities, customers and suppliers and others having significant business dealings with them; provided that no action by the Company or any Company Subsidiary with respect to matters specifically addressed by any provision of Section 5.1(b) shall be deemed a breach of this Section 5.1(a), unless such action would constitute a breach of Section 5.1(b).

(b) Without limiting the generality of the foregoing, except as set forth in Section 5.1(b) of the Company Disclosure Schedule or otherwise required or expressly contemplated by this Agreement, as required by applicable Law, or with the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, the Company shall not, and shall not permit any Company Subsidiary to, do any of the following:

(i) Organizational Documents. (A) Amend the Company Organizational Documents or (B) amend any of the Organizational Documents of any Company Subsidiary, in the case of clause (B) in a manner that would be materially adverse to Parent or that would reasonably be expected to interfere with the consummation of the Merger;

(ii) Dividends. Declare, set aside or pay any dividends on or make any distribution with respect to any Company Equity Securities (whether in cash, assets, stock or other securities of the Company or any Company Subsidiary), except (A) the declaration and payment of quarterly cash dividends with respect to the Company Common Stock on a schedule consistent with the Company's past practices in an amount per share of Company Common Stock not in excess of the amounts set forth in Section 5.1(b)(ii) of the Company Disclosure Schedule, (B) the declaration and payment of dividends from a Company Subsidiary to the Company or to another wholly owned Company Subsidiary and (C) dividend equivalents accrued or payable by the Company in respect of Company Equity Awards in accordance with the applicable award agreements;

(iii) Splits, Issuances and Repurchases of Company Equity Securities. (A) Split, combine, reclassify or take similar actions with respect to any Company Equity Securities or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for such Company Equity Securities or (B) repurchase, redeem or otherwise acquire any Company Equity Securities, except for transactions (1) among the Company, on the one hand, and any wholly owned Company Subsidiary, on the other hand, (2) among wholly owned Company Subsidiaries which remain wholly owned Company Subsidiaries after consummation of such transaction, (3) required by any Company Benefit Plan and (4) pursuant to the Company DRIP (in the case of the foregoing clauses (1) and (2), in the ordinary course of business consistent with past practice and that do not adversely affect the Company);

(iv) Company Equity Awards. Except for transactions (A) among the Company, on the one hand, and any wholly owned Company Subsidiary, on the other hand or (B) among the Company's wholly owned Subsidiaries, in each case, in the ordinary course of business consistent with past practice and that do not adversely affect the Company, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any Company Equity Securities (except as otherwise provided by the terms of this Agreement or as required by the terms of any Company Benefit Plan or the Company DRIP), other than (1) issuances of shares of Company Common Stock in respect of any exercise of Company Stock Options and settlement of any Company Equity Awards outstanding on the date hereof or as may be granted after the date hereof as permitted under this Section 5.1(b) in accordance with their respective terms and (2) the issuances of Company Common Stock pursuant to the terms of the Company ESPP in respect of the current Company ESPP offering period;

(v) Liquidation; Merger; Reorganizations. Adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, or enter into a letter of intent or agreement in principle with respect thereto, other than the Merger and other than any merger, consolidation, restructuring or reorganization among wholly owned Company Subsidiaries in the ordinary course of business consistent with past practice and that do not adversely affect the Company;

(vi) Redemption of Indebtedness. Redeem, repurchase, defease, cancel or otherwise acquire any Indebtedness of the Company or any Company Subsidiary, other than (A) transactions among the Company, on the one hand, and any wholly owned Company Subsidiary, on the other hand, or among wholly owned Company Subsidiaries, in each case, in the ordinary course of business consistent with past practice and that do not adversely affect the Company, (B) any required amortization payments and mandatory prepayments and (C) Indebtedness arising under the agreements disclosed in Section 5.1(b)(vi) of the Company Disclosure Schedule, in each case, in accordance with the terms of the instrument governing such Indebtedness as in effect on the date hereof;

(vii) Incurrence of Indebtedness. Create, incur, assume or otherwise be liable with respect to any Indebtedness, other than (A) in the ordinary course of business consistent with past practice, (B) Indebtedness incurred by any Company Subsidiary under any loan permitted by Section 5.1(b)(ix), (C) in connection with a refinancing of existing Indebtedness on commercially reasonable terms, (D) for borrowings under the Company's and any Company Subsidiary's existing commercial paper programs or revolving credit

facilities, (E) guarantees and other credit support (including pursuant to support agreements) by the Company of existing Indebtedness of any wholly owned Company Subsidiary in the ordinary course of business or (F) guarantees and other credit support by any Company Subsidiary of obligations of any wholly owned Company Subsidiary in the ordinary course of business; provided that, in the case of each of clauses (A) through (F), (1) such actions are not reasonably likely to cause any of Fitch Ratings, Inc., S&P Global Ratings or Moody's Investors Service to recognize the Company's corporate credit rating to be less than investment grade and (2) in no event shall any Indebtedness incurred pursuant to this Section 5.1(b)(vii) or any amendment, modification or waiver to any Indebtedness include any term or provision pursuant to which the consummation of the Merger or the other Transactions would reasonably be expected to result in a breach, default or event of default with respect to such Indebtedness or permit the holders of any Indebtedness of the Company or any Company Subsidiary to accelerate payment of such Indebtedness or require the Company or any Company Subsidiary to voluntarily or involuntarily redeem, replace or repay such Indebtedness prior to its scheduled maturity;

(viii) Acquisitions; New Line of Business. (A) Acquire (whether by merger, consolidation, purchase or otherwise) any water or wastewater assets or any equity interests therein, or make investments in any other Person owning, operating or controlling such assets, in each case, except (1) in the ordinary course of business and consistent with past practice or (2) acquisitions of such assets that are reasonably expected to be included in the rate base of an applicable Regulated Company Subsidiary, (B) acquire (whether by merger, consolidation, purchase or otherwise) any assets that are not water or wastewater assets or any equity interests therein, or make investments in any other Person owning, operating or controlling such assets, or (C) enter into any new line of business or conduct any business outside the U.S.;

(ix) Capital Contributions. Make any loans, advances or capital contributions to any other Person, other than (A) in connection with actions permitted by Section 5.1(b)(vii) or Section 5.1(b)(viii), (B) in the ordinary course of business consistent with past practice, (C) between the Company, on the one hand, and any wholly owned Company Subsidiary, on the other hand, or between wholly owned Company Subsidiaries or (D) as required pursuant to any obligation in effect as of the date of this Agreement;

(x) Dispositions of Properties or Assets. Sell, lease, license, transfer, exchange or swap, mortgage (including securitizations), subject to any Lien, or otherwise dispose in any twelve (12)-month period of more than $100,000,000 in the aggregate of its properties or assets, including the capital stock of Company Subsidiaries, except (A) dispositions among the Company, on the one hand, and any wholly owned Company Subsidiary, on the other hand, (B) dispositions among wholly owned Company Subsidiaries, (C) dispositions of obsolete equipment or assets or dispositions of assets being replaced, in each case in the ordinary course of business consistent with past practice, (D) dispositions by the Company or any Company Subsidiary of its assets in accordance with the terms of restructuring and divestiture plans mandated by any Governmental Entity, (E) Liens arising under existing first mortgage bond or other similar indentures and related securities and agreements of operating Company Subsidiaries, (F) provisions under existing credit facilities of the Company and the Company Subsidiaries that provide for the cash collateralization of letters of credit upon a default and (G) dispositions of accounts receivable of Company Subsidiaries under any accounts receivable financing, securitization, factoring or similar arrangements and Liens associated therewith;

(xi) Employee Matters. Except as required by the terms of a Company Benefit Plan set forth on Section 3.10(a) of the Company Disclosure Schedule as of the date of this Agreement, by any applicable collective bargaining agreement, by applicable Law, (A) materially increase the compensation or other benefits (including equity-based awards), payable or provided to the Company's directors, executives, officers, managers or employees; (B) terminate the employment of any current officer or employee of the Company with annual base pay in excess of $200,000 other than for cause; (C) enter into any employment, change of control, separation, retention or similar agreement with any current or future employee of the Company; (D) establish, adopt, enter into, accelerate any rights or benefits under, or amend (other than any amendment that is immaterial or administrative in nature) any plan, policy, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, except as permitted pursuant to clause (C) above; or (E) enter into, accelerate any rights or benefits under, amend or renew any collective bargaining agreement or any other labor-related agreement or arrangement with any Union except in the ordinary course of business consistent with past practice;

(xii) Employee Restrictive Covenants. Waive, release or amend the restrictive covenant obligations of any current or former director, officer, employee, or natural independent contractor of the Company or any Company Subsidiary;

(xiii) WARN Act Compliance. Engage in any "plant closing," "mass layoff" or similar act requiring notice under the WARN Act or any similar federal, state or local Law;

(xiv) Accounting Policies. Materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP, SEC rule or policy or applicable Law;

(xv) Taxes. (A) Settle or compromise any material liability for Taxes or any Tax examination, audit, governmental claim, litigation or other proceeding relating to a material amount of Taxes, (B) change or revoke any material Tax election, except in the ordinary course of business, (C) change any Tax accounting period or any material methods of Tax accounting, except as required by GAAP, (D) file any material amended Tax Return, other than any amended Tax Return that is not expected to result in any additional material Tax liability (such as an amended Tax Return that results in an overall Tax refund), (E) enter into any "closing agreement" within the meaning of Section 7121 of the Code (or any analogous or similar provision of state, local or non-U.S. Law), (F) agree to an extension or waiver of any statute of limitations regarding the assessment or collection of any material amount of Tax, except in the ordinary course of business, (G) surrender any right to claim a material refund of Taxes or (H) request any material ruling from any Governmental Entity with respect to Taxes (this Section 5.1(b)(xv) being the sole provision of this Section 5.1(b) governing Tax matters);

(xvi) Legal Proceedings. Pay or settle any material legal proceedings, other than payments or settlements (A) that do not exceed $25,000,000 individually or $50,000,000 in the aggregate in any consecutive twelve (12)-month period, (B) that have become due and payable prior to the date hereof or (C) in connection with regulatory proceedings before any Governmental Entities; provided that the exceptions set forth in this Section 5.1(b)(xvi) shall not apply to any proceedings arising out of or related to this Agreement or the Transactions; and

(xvii) agree or commit, in writing or otherwise, to take any of the foregoing actions.

(c) Notwithstanding anything to the contrary herein, the Company may, and may cause any Company Subsidiary to, take reasonable good faith actions in compliance with applicable Law with respect to any operational emergencies (including any emergency restoration measures in response to any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development), equipment failures, outages, or an immediate and material threat to the health or safety of natural Persons; provided that the Company shall reasonably consult with Parent with respect to any such actions (prior to taking such actions, to the extent reasonably practicable) and shall consider in good faith feedback from Parent with respect to such actions.

Section 5.2 Conduct of Business by Parent.

(a) Except (i) for matters set forth in Section 5.2(a) of the Parent Disclosure Schedule or otherwise expressly contemplated or required by this Agreement, (ii) as required by applicable Law or (iii) with the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Parent shall, and shall cause each Parent Subsidiary to, use commercially reasonable efforts to (A) conduct its business in the ordinary course of business consistent with past practice in all material respects and (B) preserve intact its present business organizations and maintain their relationships with Governmental Entities, customers and suppliers and others having significant business dealings with them; provided that no action by Parent or any Parent Subsidiary with respect to matters specifically addressed by any provision of Section 5.2(b) shall be deemed a breach of this Section 5.2(a) unless such action would constitute a breach of Section 5.2(b).

(b) Without limiting the generality of the foregoing, except as set forth in Section 5.2(b) of the Parent Disclosure Schedule or otherwise required or expressly contemplated by this Agreement, as required by applicable Law, or with the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Parent shall not, and shall not permit any Parent Subsidiary to, do any of the following:

(i) Organizational Documents. (A) Amend the Parent Organizational Documents or (B) amend any of the Organizational Documents of any Parent Subsidiary, in the case of clause (B) in a manner that would be materially adverse to the Company or that would reasonably be expected to interfere with the consummation of the Merger;

(ii) Dividends. Declare, set aside or pay any dividends on or make any distribution with respect to any Parent Equity Securities (whether in cash, assets, stock or other securities of Parent or any Parent Subsidiary), except (A) the declaration and payment of quarterly cash dividends with respect to Parent Common Stock on a schedule consistent with Parent's past practices in an amount per share of Parent Common Stock not in excess of the amounts set forth in Section 5.2(b)(ii) of the Parent Disclosure Schedule, (B) the declaration and payment of dividends from a Parent Subsidiary to Parent or to another wholly owned Parent Subsidiary and (C) dividend equivalents accrued or payable by Parent in respect of Parent Equity Awards in accordance with the applicable award agreements;

(iii) Splits, Issuances and Repurchases of Company Equity Securities. (A) Split, combine, reclassify or take similar actions with respect to any Parent Equity Securities or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for such Parent Equity Securities or (B) repurchase, redeem or otherwise acquire any Parent Equity Securities, except for transactions (1) among Parent, on the one hand, and any wholly owned Parent Subsidiary, on the other hand, (2) among wholly owned Parent Subsidiaries which remain wholly owned Parent Subsidiaries after consummation of such transaction, (3) required by any Parent Benefit Plan and (4) pursuant to the Parent DRIP (in the case of the foregoing clauses (1) and (2), in the ordinary course of business consistent with past practice and that do not adversely affect Parent);

(iv) Parent Equity Awards. Except for transactions (A) among Parent, on the one hand, and any wholly owned Parent Subsidiary, on the other hand or (B) among Parent's wholly owned Subsidiaries, in each case, in the ordinary course of business consistent with past practice and that do not adversely affect Parent, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any Parent Equity Securities (except as otherwise provided by the terms of this Agreement or as required by the terms of any Parent Benefit Plan or the Parent DRIP), other than (1) issuances of shares of Parent Common Stock in respect of any settlement of any restricted share units (including performance share units), phantom shares, restricted stock or similar equity awards with respect to shares of Parent Common Stock outstanding on the date hereof or as may be granted after the date hereof as permitted under this Section 5.2(b)(iv) and (2) the grant of equity compensation awards in the ordinary course of business in accordance with Parent's customary compensation practices;

(v) Liquidation; Merger; Reorganizations. Adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, or enter into a letter of intent or agreement in principle with respect thereto, other than the Merger and other than any merger, consolidation, restructuring or reorganization among wholly owned Parent Subsidiaries in the ordinary course of business consistent with past practice and that do not adversely affect Parent;

(vi) Redemption of Indebtedness. Redeem, repurchase, defease, cancel or otherwise acquire any Indebtedness of Parent or any Parent Subsidiary, other than (A) transactions among Parent, on the one hand, and any wholly owned Parent Subsidiary, on the other hand, or among wholly owned Parent Subsidiaries, in each case, in the ordinary course of business consistent with past practice and that do not adversely affect Parent, (B) any required amortization payments and mandatory prepayments and (C) Indebtedness arising under the agreements disclosed in Section 5.2(b)(vi) of the Parent Disclosure Schedule, in each case, in accordance with the terms of the instrument governing such Indebtedness as in effect on the date hereof;

(vii) Incurrence of Indebtedness. Create, incur, assume or otherwise be liable with respect to any Indebtedness, other than (A) in the ordinary course of business consistent with past practice, (B) Indebtedness incurred by any Parent Subsidiary under any loan permitted by Section 5.2(b)(ix), (C) in connection with a refinancing of existing Indebtedness on commercially reasonable terms, (D) for borrowings under Parent's and any Parent Subsidiary's existing commercial paper programs or revolving credit facilities, (E) guarantees and other credit support (including pursuant to support agreements) by Parent of existing Indebtedness of any wholly owned Parent Subsidiary in the ordinary course of business or (F) guarantees and other credit support by any Parent Subsidiary of obligations of any wholly owned Parent Subsidiary in the ordinary course of business; provided that, in the case of each of clauses (A) through (F), (1) such actions are not reasonably likely to cause any of Fitch Ratings, Inc., S&P Global Ratings or Moody's Investors Service to recognize Parent's corporate credit rating to be less than investment grade and (2) in no event shall any Indebtedness incurred pursuant to this Section 5.2(b)(vii) or any amendment, modification or waiver to any Indebtedness include any term or provision pursuant to which the consummation of the Merger or the other Transactions would reasonably be expected to result in a breach, default or event of default with respect to such Indebtedness or permit the holders of any Indebtedness of Parent or any Parent Subsidiary to accelerate payment of such Indebtedness or require Parent or any Parent Subsidiary to voluntarily or involuntarily redeem, replace or repay such Indebtedness prior to its scheduled maturity;

(viii) Acquisitions; New Line of Business. (A) Acquire (whether by merger, consolidation, purchase or otherwise) any water or wastewater assets or any equity interests therein, or make investments in any other Person owning, operating or controlling such assets, in each case, except (1) in the ordinary course of business and consistent with past practice or (2) acquisitions of such assets that are reasonably expected to be included in the rate base of an applicable Regulated Parent Subsidiary, (B) acquire (whether by merger, consolidation, purchase or otherwise) any assets that are not water or wastewater assets or any equity interests therein, or make investments in any other Person owning, operating or controlling such assets, or (C) enter into any new line of business or conduct any business outside the U.S.;

(ix) Capital Contributions. Make any loans, advances or capital contributions to any other Person, other than (A) in connection with actions permitted by Section 5.2(b)(vii) or Section 5.2(b)(viii), (B) in the ordinary course of business consistent with past practice, (C) between Parent, on the one hand, and any wholly owned Parent Subsidiary, on the other hand, or between wholly owned Parent Subsidiaries or (D) as required pursuant to any obligation in effect as of the date of this Agreement;

(x) Dispositions of Properties or Assets. Sell, lease, license, transfer, exchange or swap, mortgage (including securitizations), subject to any Lien, or otherwise dispose in any twelve (12)-month period of more than $200,000,000 in the aggregate of its properties or assets, including the capital stock of Parent Subsidiaries, except (A) dispositions among Parent, on the one hand, and any wholly owned Parent Subsidiary, on the other hand, (B) dispositions among wholly owned Parent Subsidiaries, (C) dispositions of obsolete equipment or assets or dispositions of assets being replaced, in each case in the ordinary course of business consistent with past practice, (D) dispositions by Parent or any Parent Subsidiary of its assets in accordance with the terms of restructuring and divestiture plans mandated by any Governmental Entity, (E) Liens arising under existing first mortgage bond or other similar indentures and related securities and agreements of operating Parent Subsidiaries, (F) provisions under existing credit facilities of Parent and the Parent Subsidiaries that provide for the cash collateralization of letters of credit upon a default and (G) dispositions of accounts receivable of Parent Subsidiaries under any accounts receivable financing, securitization, factoring or similar arrangements and Liens associated therewith;

(xi) Employee Matters. Except as required by the terms of a Parent Benefit Plan set forth on Section 4.10(a) of the Parent Disclosure Schedule as of the date of this Agreement, by any applicable collective bargaining agreement, by applicable Law or in the ordinary course of business consistent with past practice, (A) materially increase the compensation or other benefits (including equity-based awards), payable or provided to Parent's directors or officers with a title of Vice President and above; (B) terminate the employment of any current officer of Parent with a title of Senior Vice President and above other than for cause; (C) enter into any employment, change of control or retention agreement with any current or future employee of Parent; (D) establish, adopt, enter into, accelerate any rights or benefits under, or amend (other than any amendment that is immaterial or administrative in nature) any plan, policy, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, except as permitted pursuant to clause (C) above; or (E) enter into, accelerate any rights or benefits under, amend or renew any collective bargaining agreement or any other labor-related agreement or arrangement with any Union except in the ordinary course of business consistent with past practice;

(xii) Employee Restrictive Covenants. Waive, release or amend the restrictive covenant obligations of any current or former director, officer, employee, or natural independent contractor of Parent or any Parent Subsidiary;

(xiii) WARN Act Compliance. Engage in any "plant closing," "mass layoff" or similar act requiring notice under the WARN Act or any similar federal, state or local Law;

(xiv) Accounting Policies. Materially change financial accounting policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP, SEC rule or policy or applicable Law;

(xv) Taxes. (A) Settle or compromise any material liability for Taxes or any Tax examination, audit, governmental claim, litigation or other proceeding relating to a material amount of Taxes, (B) change or revoke any material Tax election, except in the ordinary course of business, (C) change any Tax accounting period or any material methods of Tax accounting, except as required by GAAP, (D) file any material amended Tax Return, other than any amended Tax Return that is not expected to result in any additional material Tax liability (such as an amended Tax Return that results in an overall Tax refund), (E) enter into any "closing agreement" within the meaning of Section 7121 of the Code (or any analogous or similar provision of state, local or non-U.S. Law), (F) agree to an extension or waiver of any statute of limitations regarding the assessment or collection of any material amount of Tax, except in the ordinary course of business, (G) surrender any right to claim a material refund of Taxes or (H) request any material ruling from any Governmental Entity with respect to Taxes (this Section 5.2(b)(xv) being the sole provision of this Section 5.2(b) governing Tax matters);

(xvi) Legal Proceedings. Pay or settle any material legal proceedings, other than payments or settlements (A) that do not exceed $50,000,000 individually or $100,000,000 in the aggregate in any consecutive twelve (12)-month period, (B) that have become due and payable prior to the date hereof or (C) in connection with regulatory proceedings before any Governmental Entities; provided that the exceptions set forth in this Section 5.2(b)(xvi) shall not apply to any proceedings arising out of or related to this Agreement or the Transactions; and

(xvii) agree or commit, in writing or otherwise, to take any of the foregoing actions.

(c) Notwithstanding anything to the contrary herein, Parent may, and may cause any Parent Subsidiary to, take reasonable good faith actions in compliance with applicable Law with respect to any operational emergencies (including any emergency restoration measures in response to any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development), equipment failures, outages, or an immediate and material threat to the health or safety of natural Persons; provided that Parent shall reasonably consult with the Company with respect to any such actions (prior to taking such actions, to the extent reasonably practicable) and shall consider in good faith feedback from the Company with respect to such actions.

Section 5.3 Access to Information; Confidentiality.

(a) Subject to applicable Law, Parent and the Company shall, and shall cause each of their respective Subsidiaries to, afford to the other Party and its Representatives reasonable access (at such Party's sole cost and expense), during normal business hours and upon reasonable advance notice, during the Interim Period, to the material properties, books, contracts, commitments, personnel and records of such Party, and during such period, Parent and the

Company shall, and shall cause their respective Subsidiaries to, make available promptly to the other Party (i) to the extent not publicly available, a copy of each material Filing made by it during such period pursuant to the requirements of securities Laws or filed with or sent to the SEC and (ii) consistent with its obligations under applicable Law, all other information concerning its business, properties and personnel as such other Party may reasonably request, in each case, to the extent reasonably necessary to perform, and prepare for the consummation of the Transactions in accordance with its terms; provided, however, that none of Parent or the Company or any of their respective Subsidiaries or Representatives shall be required to provide access to or disclose information where such information or access would, in the reasonable judgment of such Party, (A) breach any agreement with any third party (provided that, to the extent any document or information is subject to the terms of confidentiality restrictions pursuant to an agreement with a third party, Parent and the Company, as applicable, shall use its reasonable best efforts to obtain the required consent of such third party to disclose such document or information, and develop an alternative to providing such information so as to address such matters that is reasonably acceptable to the other Party), (B) constitute a waiver of the attorney-client or other privilege held by such Party (provided that Parent and the Company, as applicable, shall use its reasonable best efforts to allow the disclosure of such document or information (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege), (C) result in access to or disclosure of commercially sensitive information (as determined in Parent's and the Company's, as applicable, reasonable discretion), (D) result in access to or the disclosure of (1) any information concerning a Company Competing Proposal (which shall be governed by Section 5.4) or a Parent Competing Proposal (which shall be governed by Section 5.5), as applicable or (2) any information regarding the deliberations of the Parent Board or Company Board, as applicable, with respect to the Transactions or any similar transaction or transactions with any other Person, the entry into this Agreement, or any materials provided to the Parent Board or Company Board, as applicable, in connection therewith or (E) otherwise violate any applicable Law; provided, further, that neither Parent nor the Company nor their respective Representatives shall have the right to conduct any environmental sampling or testing on, under, at or from any of the properties owned, leased or operated by the other Party or its Subsidiaries.

(b) The Parties hereby agree that all information provided to them or their respective Representatives in connection with this Agreement and the consummation of the Transactions shall be deemed to be "Proprietary Information," as such term is used in, and shall be treated in accordance with, the Confidentiality Agreement, dated as of August 25, 2025, between Parent and the Company (the "Confidentiality Agreement"). The Parties hereby agree, pursuant to Section 17 of the Confidentiality Agreement (which permits amendment by mutual written agreement), to amend the Confidentiality Agreement such that its term shall be extended until the earlier of (i) the Effective Time and (ii) twenty-four (24) months after the termination of this Agreement pursuant to Section 7.1.

Section 5.4 No Solicitation by the Company.

(a) The Company shall not, and shall cause the Company Subsidiaries not to, and shall use reasonable best efforts to cause its and their respective Representatives engaged in connection with the Transactions not to, directly or indirectly during the Interim Period: (i) solicit, initiate or knowingly encourage (including by way of furnishing nonpublic information) or knowingly facilitate any Company Competing Proposal or any inquiry regarding, or the making

of, a proposal that is or would reasonably be expected to lead to a Company Competing Proposal or (ii) participate in any discussions or negotiations with any Person (except for the Company's Affiliates and their respective Representatives or Parent and Parent's Affiliates and its and their respective Representatives) regarding, or furnish to any such Person, any nonpublic information with respect to, or knowingly cooperate in any way with any such Person with respect to, any Company Competing Proposal or any inquiry or proposal that would reasonably be expected to lead to a Company Competing Proposal (other than informing such Person of the existence of the provisions contained in this Section 5.4). The Company shall, and shall cause the Company Subsidiaries and its and their respective Representatives to, promptly cease and cause to be terminated all existing discussions or negotiations with any Person (except for the Company's Affiliates and their respective Representatives or Parent and Parent's Affiliates and its and their respective Representatives) with respect to any Company Competing Proposal, request the prompt return or destruction of all confidential information previously furnished to any such Person with respect to any such Company Competing Proposal, and terminate all physical and electronic data room access previously granted to any such Person with respect to any such Company Competing Proposal. Notwithstanding anything to the contrary herein, at any time prior to obtaining the Company Shareholder Approval, in response to the receipt of a bona fide written Company Competing Proposal made after the date of this Agreement that does not result from a material breach of this Section 5.4 and that the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) constitutes or would reasonably be expected to lead to a Company Superior Proposal, the Company and its Representatives may (A) furnish nonpublic information with respect to the Company and the Company Subsidiaries to the Person making such Company Competing Proposal (and its Representatives) (provided that all such information has previously been provided to Parent or is provided or made available to Parent or its Representatives prior to or substantially concurrently with the provision of such information to such Person) pursuant to an Acceptable Confidentiality Agreement and (B) participate in discussions regarding the terms of such Company Competing Proposal, including the terms of a Company Competing Agreement with respect thereto, and the negotiation of such terms with the Person making such Company Competing Proposal (and such Person's Representatives). Notwithstanding anything to the contrary herein, the Company may (1) inform a Person that has made a Company Competing Proposal of the provisions of this Section 5.4 and (2) grant a waiver, amendment, modification or release under any confidentiality, standstill or similar agreement, solely to the extent that the Company Board determines in good faith, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with the Company Board's fiduciary duties under applicable Law.

(b) Except as permitted by this Section 5.4(b), and except for the public disclosure of a Company Recommendation Change Notice, neither the Company Board nor any committee thereof shall (i) withdraw, change, qualify, withhold or modify in each case in any manner adverse to Parent, or propose publicly to withdraw, change, qualify, withhold or modify in any manner adverse to Parent, the Company Board Recommendation, (ii) adopt, approve or recommend, or propose publicly to adopt, approve or recommend, any Company Competing Proposal, (iii) fail to include in the Joint Proxy Statement the Company Board Recommendation, (iv) fail to send to its securityholders, within ten (10) Business Days after the commencement of any tender offer or exchange offer relating to shares of Company Common Stock (or, if earlier, at least two (2) Business Days prior to the Company Shareholder Meeting), a statement disclosing that the Company recommends rejection of such tender or exchange offer and reaffirming its

recommendation of this Agreement and the Merger or (v) fail to publicly reaffirm its recommendation of this Agreement and the Merger within ten (10) Business Days of Parent's written request to do so (or, if earlier, at least two (2) Business Days prior to the Company Shareholder Meeting) following the public announcement of any Company Competing Proposal (or any material amendment thereto, including any change to the price or form of consideration); provided that Parent shall not be entitled to make such written request, and the Company Board shall not be required to make such reaffirmation, more than once with respect to any particular Company Competing Proposal (or any material amendment thereto) (any action or failure to act in the foregoing clauses (i) through (v) being referred to as a "Company Adverse Recommendation Change"). Except as set forth in Section 5.4(a) (including the entry into an Acceptable Confidentiality Agreement), Section 5.4(c) and Section 5.4(e), the Company and the Company's officers and directors shall not, and the Company shall cause the Company Subsidiaries not to, and the Company shall instruct its and the Company Subsidiaries' Representatives engaged in connection with the Transactions not to, and use its reasonable best efforts to cause its and the Company Subsidiaries' Representatives not to, directly or indirectly, during the Interim Period, (A) authorize, permit, approve or recommend, or propose publicly to authorize, permit, approve or recommend, or allow the Company or any of the Company Subsidiaries to consummate, execute or enter into, any written letter of intent, memorandum of understanding, agreement in principle, agreement or commitment constituting, or that would reasonably be expected to lead to, any Company Competing Proposal, or requiring the Company to abandon or terminate this Agreement (a "Company Competing Agreement"), (B) take any action to make the restrictions of any Takeover Law inapplicable to any transactions contemplated by a Company Competing Proposal or (C) terminate, amend, release, modify or knowingly fail to enforce any provision of, or grant any permission, waiver or request under, any standstill, confidentiality or similar agreement entered into by the applicable party in respect of or in contemplation of a Company Competing Proposal.

(c) Notwithstanding anything to the contrary herein, at any time prior to obtaining the Company Shareholder Approval, the Company Board may make a Company Adverse Recommendation Change if (i) the Company has received a Company Superior Proposal that does not result from a material breach of this Section 5.4 and (ii) the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to effect a Company Adverse Recommendation Change would be inconsistent with the Company Board's fiduciary duties under applicable Law; provided, however, that the Company Board may not make such Company Adverse Recommendation Change unless (A) the Company Board has provided prior written notice (which itself shall not constitute a Company Adverse Recommendation Change) to Parent (a "Company Recommendation Change Notice") that it is prepared to effect a Company Adverse Recommendation Change at least four (4) Business Days prior to taking such action, which notice shall specify the basis for such Company Adverse Recommendation Change and attach the most current draft of any Company Competing Agreement with respect to such Company Superior Proposal or, if no draft exists, a summary of the material terms and conditions of such Company Superior Proposal (it being understood that if there has been any subsequent material revision or amendment to the terms of a Company Superior Proposal, a new notice to which the provisions of clauses (B) and (C) of this Section 5.4(c) shall apply *mutatis mutandis* except that, in the case of such a new notice, all references to four (4) Business Days in this Section 5.4(c) shall be deemed to be two (2) Business Days), (B) during the four (4)-Business Day period after delivery of the Company Recommendation Change Notice, if

requested by Parent, the Company and its Representatives negotiate in good faith with Parent and its Representatives regarding any revisions to this Agreement that Parent proposes to make to the terms of this Agreement and (C) at the end of such four (4)-Business Day period and taking into account any changes to the terms of this Agreement committed to in writing by Parent, the Company Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to make such a Company Adverse Recommendation Change would be inconsistent with the Company Board's fiduciary duties under applicable Law and that such Company Competing Proposal still constitutes a Company Superior Proposal.

(d) The Company shall promptly (and in any event within twenty-four (24) hours) advise Parent in writing of the receipt of any Company Competing Proposal, the material terms and conditions of any such Company Competing Proposal and the identity of the Person making any such Company Competing Proposal. The Company shall (i) keep Parent reasonably informed in all material respects on a reasonably current basis (and in any event no later than twenty-four (24) hours) of the material terms and status (including any material change thereto) of any Company Competing Proposal and (ii) provide to Parent as soon as reasonably practicable after receipt or delivery thereof copies of any letter of intent, term sheet, memorandum of understanding or similar written materials (including drafts thereof) exchanged between the Company or any Company Subsidiary or any of their Representatives, on the one hand, and any Person making such proposal or any of its Representatives, on the other hand, in each case, that describes or contains any such proposal.

(e) Nothing contained in this Section 5.4 shall prohibit the Company from taking and disclosing to its shareholders a position contemplated by Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act or from issuing a "stop, look and listen" statement or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act pending disclosure of its position thereunder; provided that any such disclosure or statement that constitutes or contains a Company Adverse Recommendation Change shall be subject to the provisions of Section 5.5(c).

(f) For the avoidance of doubt, any violation of the restrictions contained in this Section 5.4 by any Company Subsidiary, or any Representatives of the Company or any Company Subsidiary, shall be deemed to be a breach of this Section 5.4 by the Company.

(g) For purposes of this Agreement:

(i) "Company Competing Proposal" means any proposal or offer, with respect to any (A) merger, consolidation, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction in which any Person (or group of Persons) other than Parent and the Parent Subsidiaries (such Person (or group of Persons), a "Company Third Party") acquires or would acquire, directly or indirectly, (1) business or assets of the Company or the Company Subsidiaries representing 20% or more of the consolidated revenues, net income or fair market value of the consolidated assets of the Company and the Company Subsidiaries, taken as a whole or (2)(x) 20% or more of the outstanding Company Common Stock or (y) 20% or more of the aggregate voting power of the surviving entity or a resulting direct or indirect parent of the Company or such surviving entity, (B) sale, lease, contribution, transfer or other disposition, directly

or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, extraordinary dividend or distribution, sale of capital stock of or other equity interests in a Company Subsidiary or otherwise), pursuant to which any Company Third Party acquires or would acquire, directly or indirectly, business or assets of the Company or the Company Subsidiaries representing 20% or more of the consolidated revenues, net income or fair market value of the consolidated assets of the Company and the Company Subsidiaries, taken as a whole, (C) issuance, sale or other disposition, directly or indirectly, to any Company Third Party (or the direct or indirect equityholders of such Company Third Party or the resulting company) of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing direct or beneficial ownership of 20% or more of the voting power of the Company, (D) transaction (including any tender offer or exchange offer) in which any Company Third Party (or the direct or indirect equityholders of such Company Third Party or the resulting company) would acquire (in the case of a tender offer or exchange offer, if consummated), directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 20% or more of any class of capital stock of the Company or (E) any combination of the foregoing, in each case, except for this Agreement and the Transactions.

(ii) "Company Superior Proposal" means a bona fide written Company Competing Proposal (provided that for purposes of this definition, the applicable percentage in the definition of Company Competing Proposal shall be "more than 50%" rather than "20% or more"), which the Company Board determines in good faith, after consultation with outside legal counsel and a financial advisor, and taking into account, to the extent applicable, the legal, financial, regulatory, timing and other aspects of such Company Competing Proposal, the identity of the Person making the proposal and any financing required for such proposal, the ability of the Person making such proposal to obtain such required financing and the level of certainty with respect to such required financing, and such other factors, in each case, that are deemed relevant by the Company Board, (A) if accepted, is reasonably likely to be consummated and (B) if consummated, would result in a transaction that is more favorable from a financial point of view to the holders of Company Common Stock than the Transactions (after taking into account all adjustments or modifications to the terms thereof, and any revisions to the terms of this Agreement that are committed to in writing by Parent, including pursuant to Section 5.4(c)).

Section 5.5 No Solicitation by Parent.

(a) Parent shall not, and shall cause the Parent Subsidiaries not to, and shall use reasonable best efforts to cause its and their respective Representatives engaged in connection with the Transactions not to, directly or indirectly, during the Interim Period, (i) solicit, initiate or knowingly encourage (including by way of furnishing nonpublic information) or knowingly facilitate any Parent Competing Proposal or any inquiry regarding, or the making of, a proposal that is or would reasonably be expected to lead to a Parent Competing Proposal or (ii) participate in any discussions or negotiations with any Person (except for Parent's Affiliates and their respective Representatives or the Company and the Company's Affiliates and its and their

respective Representatives) regarding, or furnish to any such Person, any nonpublic information with respect to, or knowingly cooperate in any way with any such Person with respect to, any Parent Competing Proposal or any inquiry or proposal that would reasonably be expected to lead to a Parent Competing Proposal (other than informing such Person of the existence of the provisions contained in this Section 5.5). Parent shall, and shall cause the Parent Subsidiaries and its and their respective Representatives to, promptly cease and cause to be terminated all existing discussions or negotiations with any Person (except Parent's Affiliates and their respective Representatives or the Company and the Company's Affiliates and its and their respective Representatives) with respect to any Parent Competing Proposal, request the prompt return or destruction of all confidential information previously furnished to any such Person with respect to any such Parent Competing Proposal, and terminate all physical and electronic data room access previously granted to any such Person with respect to any such Parent Competing Proposal. Notwithstanding anything to the contrary herein, at any time prior to obtaining the Parent Stockholder Approval, in response to the receipt of a bona fide written Parent Competing Proposal made after the date of this Agreement that does not result from a material breach of this Section 5.5 and that the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) constitutes or would reasonably be expected to lead to a Parent Superior Proposal, Parent and its Representatives may (A) furnish nonpublic information with respect to Parent and Parent Subsidiaries to the Person making such Parent Competing Proposal (and its Representatives) (provided that all such information has previously been provided to the Company or is provided or made available to the Company or its Representatives prior to or substantially concurrently with the provision of such information to such Person) pursuant to an Acceptable Confidentiality Agreement and (B) participate in discussions regarding the terms of such Parent Competing Proposal, including the terms of a Parent Competing Agreement with respect thereto, and the negotiation of such terms with the Person making such Parent Competing Proposal (and such Person's Representatives). Notwithstanding anything to the contrary herein, Parent may (1) inform a Person that has made a Parent Competing Proposal of the provisions of this Section 5.5 and (2) grant a waiver, amendment, modification or release under any confidentiality, standstill or similar agreement, solely to the extent that the Parent Board determines in good faith, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with the Parent Board's fiduciary duties under applicable Law.

(b) Except as permitted by this Section 5.5(b), and except for the public disclosure of a Parent Recommendation Change Notice, neither the Parent Board nor any committee thereof shall (i) withdraw, change, qualify, withhold or modify in each case in any manner adverse to Parent, or propose publicly to withdraw, change, qualify, withhold or modify in any manner adverse to Parent, the Parent Board Recommendation, (ii) adopt, approve or recommend, or propose publicly to adopt, approve or recommend, any Parent Competing Proposal, (iii) fail to include in the Joint Proxy Statement the Parent Board Recommendation, (iv) fail to send to its securityholders, within ten (10) Business Days after the commencement of any tender offer or exchange offer relating to shares of Parent Common Stock (or, if earlier, at least two (2) Business Days prior to the Parent Stockholder Meeting), a statement disclosing that Parent recommends rejection of such tender or exchange offer and reaffirming its recommendation of this Agreement and the Merger or (v) fail to publicly reaffirm its recommendation of this Agreement and the Merger within ten (10) Business Days of the Company's written request to do so (or, if earlier, at least two (2) Business Days prior to the Parent Stockholder Meeting) following the public announcement of any Parent Competing Proposal (or any material amendment thereto,

including any change to the price or form of consideration); provided that the Company shall not be entitled to make such written request, and the Parent Board shall not be required to make such reaffirmation, more than once with respect to any particular Parent Competing Proposal (or any material amendment thereto) (any action or failure to act in the foregoing clauses (i) through (v) being referred to as a "Parent Adverse Recommendation Change"). Except as set forth in Section 5.5(a) (including the entry into an Acceptable Confidentiality Agreement), Section 5.5(c) and Section 5.5(e), Parent and Parent's officers and directors shall not, and Parent shall cause the Parent Subsidiaries not to, and Parent shall instruct its and the Parent Subsidiaries' Representatives engaged in connection with the Transactions not to, and use its reasonable best efforts to cause its and the Parent Subsidiaries' Representatives not to, directly or indirectly, during the Interim Period, (A) authorize, permit, approve or recommend, or propose publicly to authorize, permit, approve or recommend, or allow Parent or any of the Parent Subsidiaries to consummate, execute or enter into, any written letter of intent, memorandum of understanding, agreement in principle, agreement or commitment constituting, or that would reasonably be expected to lead to, any Parent Competing Proposal, or requiring Parent to abandon or terminate this Agreement (a "Parent Competing Agreement"), (B) take any action to make the restrictions of any Takeover Law inapplicable to any transactions contemplated by a Parent Competing Proposal or (C) terminate, amend, release, modify or knowingly fail to enforce any provision of, or grant any permission, waiver or request under, any standstill, confidentiality or similar agreement entered into by the applicable party in respect of or in contemplation of a Parent Competing Proposal.

(c) Notwithstanding anything to the contrary herein, at any time prior to obtaining Parent Stockholder Approval, the Parent Board may make a Parent Adverse Recommendation Change if (i) Parent has received a Parent Superior Proposal that does not result from a material breach of this Section 5.5 and (ii) the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to effect a Parent Adverse Recommendation Change would be inconsistent with the Parent Board's fiduciary duties under applicable Law; provided, however, that the Parent Board may not make such Company Adverse Recommendation Change unless (A) the Parent Board has provided prior written notice (which itself shall not constitute a Parent Adverse Recommendation Change) to the Company (a "Parent Recommendation Change Notice") that it is prepared to effect a Parent Adverse Recommendation Change at least four (4) Business Days prior to taking such action, which notice shall specify the basis for such Parent Adverse Recommendation Change and attach the most current draft of any Parent Competing Agreement with respect to such Parent Superior Proposal or, if no draft exists, a summary of the material terms and conditions of such Parent Superior Proposal (it being understood that if there has been any subsequent material revision or amendment to the terms of a Parent Superior Proposal, a new notice to which the provisions of clauses (B) and (C) of this Section 5.5(c) shall apply *mutatis mutandis* except that, in the case of such a new notice, all references to four (4) Business Days in this Section 5.5(c) shall be deemed to be two (2) Business Days), (B) during the four (4)-Business Day period after delivery of Parent Recommendation Change Notice, if requested by the Company, Parent and its Representatives negotiate in good faith with the Company and its Representatives regarding any revisions to this Agreement that the Company proposes to make to the terms of this Agreement and (C) at the end of such four (4)-Business Day period and taking into account any changes to the terms of this Agreement committed to in writing by the Company, the Parent Board determines in good faith (after consultation with outside legal counsel and a financial advisor) that the failure to make such a Parent Adverse Recommendation Change would be inconsistent with the Parent Board's fiduciary duties under applicable Law and that such Parent Competing Proposal still constitutes a Parent Superior Proposal.

(d) Parent shall promptly (and in any event within twenty-four (24) hours) advise the Company in writing of the receipt of any Parent Competing Proposal, the material terms and conditions of any such Parent Competing Proposal and the identity of the Person making any such Parent Competing Proposal. Parent shall (i) keep the Company reasonably informed in all material respects on a reasonably current basis (and in any event no later than twenty-four (24) hours) of the material terms and status (including any material change thereto) of any Parent Competing Proposal and (ii) provide to the Company as soon as reasonably practicable after receipt or delivery thereof copies of any letter of intent, term sheet, memorandum of understanding or similar written materials (including drafts thereof) exchanged between Parent or any Parent Subsidiary or any of their Representatives, on the one hand, and any Person making such proposal or any of its Representatives, on the other hand, in each case, that describes or contains any such proposal.

(e) Nothing contained in this Section 5.5 shall prohibit Parent from taking and disclosing to its shareholders a position contemplated by Rule 14d-9 and Rule 14e-2 promulgated under the Exchange Act or from issuing a "stop, look and listen" statement or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act pending disclosure of its position thereunder; provided that any such disclosure or statement that constitutes or contains a Parent Adverse Recommendation Change shall be subject to the provisions of Section 5.4(c).

(f) For the avoidance of doubt, any violation of the restrictions contained in this Section 5.5 by any Parent Subsidiary, or any Representatives of Parent or any Parent Subsidiary, shall be deemed to be a breach of this Section 5.5 by Parent.

(g) For purposes of this Agreement:

(i) "Parent Competing Proposal" means any proposal or offer, with respect to any (A) merger, consolidation, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction in which any Person (or group of Persons) other than the Company and the Company Subsidiaries (such Person (or group of Persons) a "Parent Third Party") acquires or would acquire, directly or indirectly, (1) business or assets of Parent or the Parent Subsidiaries representing 20% or more of the consolidated revenues, net income or fair market value of the consolidated assets of Parent and the Parent Subsidiaries, taken as a whole or (2)(x) 20% or more of the outstanding Parent Common Stock or (y) 20% or more of the aggregate voting power of the surviving entity or a resulting direct or indirect parent of Parent or such surviving entity, (B) sale, lease, contribution, transfer or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, extraordinary dividend or distribution, sale of capital stock of or other equity interests in a Parent Subsidiary or otherwise) pursuant to which any Parent Third Party acquires or would acquire, directly or indirectly, business or assets of Parent or the Parent Subsidiaries representing 20% or more of the consolidated revenues, net income or fair market value of the consolidated assets of Parent and the Parent Subsidiaries, taken as a

whole, (C) issuance, sale or other disposition, directly or indirectly, to any Parent Third Party (or the direct or indirect equityholders of such Parent Third Party or the resulting company) of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing direct or beneficial ownership of 20% or more of the voting power of Parent, (D) transaction (including any tender offer or exchange offer) in which any Parent Third Party (or the direct or indirect equityholders of such Parent Third Party or the resulting company) would acquire (in the case of a tender offer or exchange offer, if consummated), directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 20% or more of any class of capital stock of Parent or (E) any combination of the foregoing, in each case, except for this Agreement and the Transactions.

(ii) "Parent Superior Proposal" means a bona fide written Parent Competing Proposal (provided that, for purposes of this definition, the applicable percentage in the definition of Parent Competing Proposal shall be "more than 50%" rather than "20% or more"), which the Parent Board determines in good faith, after consultation with outside legal counsel and a financial advisor, and taking into account, to the extent applicable, the legal, financial, regulatory, timing and other aspects of such Parent Competing Proposal, the identity of the Person making the proposal and any financing required for such proposal, the ability of the Person making such proposal to obtain such required financing and the level of certainty with respect to such required financing, and such other factors, in each case, that are deemed relevant by the Parent Board, (A) if accepted, is reasonably likely to be consummated and (B) if consummated, would result in a transaction that is more favorable from a financial point of view to the holders of Parent Common Stock than the Transactions (after taking into account all adjustments or modifications to the terms thereof, and any revisions to the terms of this Agreement that are committed to in writing by Parent, including pursuant to Section 5.5(c)).

Section 5.6 Preparation of the Form S-4 and the Joint Proxy Statement; Meetings.

(a) As promptly as reasonably practicable following the date of this Agreement, (i) Parent and the Company shall jointly prepare (A) a proxy statement relating to the Parent Stockholder Meeting and a proxy statement relating to the Company Shareholder Meeting (together with any amendments or supplements thereto, the "Joint Proxy Statement") in preliminary form and (B) a registration statement on Form S-4, which shall include the Joint Proxy Statement as a prospectus relating to the registration of shares of Parent Common Stock to be issued in connection with the Merger (the "Form S-4"), and (ii) Parent shall file the Form S-4 and Joint Proxy Statement with the SEC, in coordination with the Company. Each of the Parties shall use their respective reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as reasonably practicable after such filing and to keep the Form S-4 effective as long as necessary to consummate the Merger. Each of the Parties shall furnish all information concerning itself and its Affiliates to the other Party, and provide such other assistance, as may be reasonably requested by the other Party or its outside legal counsel in connection with the preparation, filing and distribution of the Form S-4 and the Joint Proxy Statement.

(b) Parent agrees that (i) none of the information supplied or to be supplied by Parent for inclusion or incorporation by reference in the Joint Proxy Statement will, at the date it is first sent to Parent's stockholders and the Company's shareholders or at the time of the Parent Stockholder Meeting and the Company Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading and (ii) except with respect to any information supplied by the Company for inclusion or incorporation by reference in the Joint Proxy Statement, the Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder. The Company agrees that (i) none of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Joint Proxy Statement will, at the date it is first sent to Parent's stockholders and the Company's shareholders or at the time of the Parent Stockholder Meeting and the Company Shareholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading and (ii) except with respect to any information supplied by Parent for inclusion or incorporation by reference in the Joint Proxy Statement, the Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder.

(c) Each of Parent and the Company shall promptly notify the other Party after the receipt of any comments from the SEC with respect to, or any request from the SEC for amendments or supplements to, the Joint Proxy Statement and shall provide the other Party with copies of all correspondence between it and its Affiliates and Representatives, on the one hand, and the SEC, on the other hand. Each of Parent and the Company shall:

(i) use its reasonable best efforts to (A) respond as promptly as reasonably practicable to any comment from the SEC with respect to, or any request from the SEC for amendments or supplements to, the Joint Proxy Statement and (B) have the SEC advise Parent and the Company as promptly as reasonably practicable that the SEC has no further comments on the Joint Proxy Statement;

(ii) file the Joint Proxy Statement in definitive form with the SEC and cause such definitive Joint Proxy Statement to be sent to the stockholders of Parent and the shareholders of the Company as promptly as reasonably practicable after the SEC advises Parent and the Company that the SEC has no further comments on the Joint Proxy Statement; and

(iii) subject to Section 5.4(c) and Section 5.5(c), include the Parent Board Recommendation and the Company Board Recommendation in the preliminary and definitive Joint Proxy Statements.

Notwithstanding anything to the contrary herein, prior to filing the Form S-4 or the Joint Proxy Statement in preliminary form with the SEC, responding to any comment from the SEC with respect to, or any request from the SEC for amendments or supplements to, the Joint Proxy Statement or mailing the Joint Proxy Statement in definitive form to the stockholders of Parent or to the shareholders of the Company, each of Parent and the Company shall provide the other Party with a reasonable opportunity to review and comment on such document or response and consider in good faith any of the other Party's comments thereon.

(d) If, prior to the Effective Time, any event occurs with respect to the Company or any Company Subsidiary, or any change occurs with respect to other information supplied by the Company for inclusion in the Joint Proxy Statement, that is required to be described in an amendment of, or a supplement to, the Joint Proxy Statement, the Company shall promptly notify Parent of such event, and the Company and Parent shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Joint Proxy Statement so that such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, and, as required by Law, in disseminating the information contained in such amendment or supplement to Parent's stockholders and the Company's shareholders. Nothing in this Section 5.6(d) shall limit the obligations of any Party under Section 5.6(a).

(e) If prior to the Effective Time, any event occurs with respect to Parent or any Parent Subsidiary, or any change occurs with respect to other information supplied by Parent for inclusion in the Joint Proxy Statement, that is required to be described in an amendment of, or a supplement to, the Joint Proxy Statement, Parent shall promptly notify the Company of such event, and Parent and the Company shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Joint Proxy Statement so that such document would not include any misstatement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading and, as required by Law, in disseminating the information contained in such amendment or supplement to Parent's stockholders and the Company's shareholders. Nothing in this Section 5.6(e) shall limit the obligations of any Party under Section 5.6(a).

(f) Parent (in consultation with the Company) shall set a single record date for Persons entitled to notice of, and to vote at, the Parent Stockholder Meeting and shall not change such record date (whether in connection with the Parent Stockholder Meeting or any adjournment or postponement thereof) without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed). Parent shall, as soon as practicable after the Form S-4 is declared effective under the Securities Act, duly call, give notice of, convene and hold the Parent Stockholder Meeting in accordance with the Delaware General Corporation Law and the rules of the NYSE for the purpose of obtaining the Parent Stockholder Approval, and, subject to Section 5.5(c), through the Parent Board, recommend to its stockholders and solicit in favor of the approval of the Parent Common Stock Issuance. Except with the Company's prior written consent, Parent may only postpone or adjourn the Parent Stockholder Meeting (i) to solicit additional proxies for the purpose of obtaining the Parent Stockholder Approval, (ii) for the absence of a quorum and (iii) to allow reasonable additional time for the filing or mailing of any supplemental or amended disclosure that Parent has determined after consultation with outside legal counsel is reasonably likely to be required under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by stockholders of Parent prior to the Parent Stockholder Meeting; provided that Parent shall postpone or adjourn the Parent Stockholder Meeting once for up to thirty (30) days upon the reasonable request of the Company.

(g) The Company (in consultation with Parent) shall set a single record date for Persons entitled to notice of, and to vote at, the Company Shareholder Meeting and shall not change such record date (whether in connection with the Company Shareholder Meeting or any adjournment or postponement thereof) without the prior written consent of Parent (such consent not to be unreasonably withheld, conditioned or delayed). The Company shall, as soon as practicable after the Form S-4 is declared effective under the Securities Act, duly call, give notice of, convene and hold the Company Shareholder Meeting in accordance with the Pennsylvania Entity Laws and the rules of the NYSE for the purpose of obtaining the Company Shareholder Approval and, subject to Section 5.4(c), through the Company Board, recommend to its shareholders and solicit in favor of adoption of the this Agreement. Except with Parent's prior written consent, the Company may only postpone or adjourn the Company Shareholder Meeting (i) to solicit additional proxies for the purpose of obtaining the Company Shareholder Approval, (ii) for the absence of a quorum and (iii) to allow reasonable additional time for the filing or mailing of any supplemental or amended disclosure that the Company has determined after consultation with outside legal counsel is reasonably likely to be required under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by shareholders of the Company prior to the Company Shareholder Meeting; provided that the Company shall postpone or adjourn the Company Shareholder Meeting once for up to thirty (30) days upon the reasonable request of Parent.

(h) Each of the Company and Parent shall use reasonable best efforts to hold the Company Shareholder Meeting and the Parent Stockholder Meeting, respectively, at the same time and on the same date as the other Party and as soon as reasonably practicable after the date of this Agreement.

(i) Without the prior written consent of Parent (which consent shall not be unreasonably withheld, conditioned or delayed), the only matters to be voted upon at the Company Shareholder Meeting are (i) the Merger, (ii) any adjournment of the Company Shareholder Meeting, (iii) any other matters of a purely administrative nature and as mutually agreed by Parent and the Company and (iv) any other matters that are required by applicable Law.

(j) Unless this Agreement has been terminated in accordance with Section 7.1, the Company's obligation to call, give notice of and hold the Company Shareholder Meeting in accordance with Section 5.6(g) shall not be limited or otherwise affected by the commencement, disclosure, announcement or submission of any Company Superior Proposal or Company Competing Proposal, or by any Company Adverse Recommendation Change.

(k) Without the prior written consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), the only matters to be voted upon at the Parent Stockholder Meeting are (i) the Parent Common Stock Issuance, (ii) any adjournment of the Parent Stockholder Meeting, (iii) any other matters of a purely administrative nature as mutually agreed by the Company and Parent and (iv) any other matters that are required by applicable Law.

(l) Unless this Agreement has been terminated in accordance with Section 7.1, Parent's obligation to call, give notice of and hold the Parent Stockholder Meeting in accordance with Section 5.6(f) shall not be limited or otherwise affected by the commencement, disclosure, announcement or submission of any Parent Superior Proposal or Parent Competing Proposal, or by any Parent Adverse Recommendation Change.

Section 5.7 Employee Matters.

(a) From the Effective Time until the end of the calendar year following the calendar year during which the Effective Time occurs, Parent shall provide, or shall cause to be provided, to each Company Employee who is employed by the Company immediately prior to the Effective Time whose employment with the Company (or Parent or any Parent Subsidiary) continues after the Effective Time (each, a "Continuing Employee") (other than such employees covered by collective bargaining agreements), while employed (i) base salary or wage rate, target annual cash incentive opportunity and target long-term performance opportunity that are no less favorable, in the aggregate, than the base salary or wage rate, target annual cash incentive opportunity and target long-term performance opportunity provided to such Continuing Employee as of immediately prior to the Effective Time; provided that (A) Parent shall provide, or shall cause to be provided, to each Continuing Employee with at least the same base salary or wage rate as provided to such Continuing Employee as of immediately prior to the Effective Time and (B) any long-term performance opportunities provided may be cash-based or equity-based as determined by Parent in its sole discretion, and (ii) employee benefits (excluding defined benefit pension benefits, retiree health or welfare benefits, equity-based compensation or change in control, transaction or retention bonuses (collectively, the "Excluded Benefits")) that are substantially comparable in the aggregate to the employee benefits (other than the Excluded Benefits) provided to such Continuing Employee under Company Benefit Plans as of immediately prior to the Closing Date. In the case of any Continuing Employee whose terms and conditions of employment are subject to a collective bargaining agreement, Parent shall provide for such continued employment to be on such terms and conditions as may be required under that collective bargaining agreement. Nothing contained in this Section 5.7 whether express or implied shall require Parent, any Parent Subsidiary or the Surviving Corporation to continue the employment of any Continuing Employee.

(b) Any Continuing Employee whose employment is terminated by Parent, the Company or any Affiliate thereof without cause during the twelve (12)-month period following the Effective Time, and who is not eligible to receive severance benefits pursuant to an individual agreement with the Company or a Company Subsidiary, shall be eligible to receive severance benefits as specified in Section 5.7(b) of the Company Disclosure Schedule, subject to the Continuing Employee entering into a customary release of claims.

(c) For purposes of vesting, eligibility to participate and accrual and level of benefits under the employee benefit plans of Parent and the Parent Subsidiaries providing benefits to any Company Employees after the Effective Time (the "New Plans"), each Company Employee shall be credited for his or her years of service with the Company and the Company Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any similar Company employee benefit plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time; provided, however, that the foregoing shall

not apply to the extent that its application would result in a duplication of benefits or to benefit accrual under a defined benefit pension plan or retiree welfare benefit plan unless otherwise required by a collective bargaining agreement. In addition, and without limiting the generality of the foregoing, (i) Parent shall use commercially reasonably efforts to cause each Company Employee to be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan replaces coverage under a Company Benefit Plan set forth on Section 3.10(a) of the Company Disclosure Schedule in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the "Old Plans") and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical or vision benefits to any Company Employee, Parent shall use commercially reasonable efforts to (A) cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable plans of the Company or the Company Subsidiaries in which such employee participated immediately prior to the Effective Time, and (B) cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(d) The Parties agree to the matters set forth in Section 5.7(d) of the Company Disclosure Schedule.

(e) Prior to the Effective Time, the Company shall cause the applicable Company Subsidiaries to satisfy all legal or contractual requirements to provide notice to, or to enter into any consultation procedure with, any Union which is representing any Company Employee in connection with the Transactions contemplated by this Agreement.

(f) Following the Effective Time, Parent shall cause the Surviving Corporation's applicable Subsidiaries to continue to honor the terms of each applicable collective bargaining agreement until such collective bargaining agreement otherwise expires pursuant to its terms or is modified by the parties thereto.

(g) The Parties acknowledge and agree that all provisions contained in this Section 5.7 are included for the sole benefit of the Parties, and that nothing in this Section 5.7, whether express or implied, (i) shall create any third-party beneficiary or other rights (A) in any other Person, including any current or former employees or other service providers of the Company or any Affiliate of the Company, any Continuing Employee, or any dependent or beneficiary thereof or (B) to continued employment with Parent or any of its Affiliates (including, following the Effective Time, the Surviving Corporation), (ii) shall be treated as an amendment or other modification of any Old Plan or New Plan or (iii) shall limit the right of Parent or its Affiliates (including, following the Effective Time, the Surviving Corporation) to amend, terminate or otherwise modify any Old Plan or New Plan.

Section 5.8 Regulatory Approvals; Third-Party Consents; Reasonable Best Efforts.

(a) Subject to the terms and conditions set forth in this Agreement, the Parties shall use their respective reasonable best efforts (subject to, and in accordance with, applicable Law) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions, including (i) the obtaining of all necessary actions or nonactions and Consents, including the HSR Clearance, the Company Regulatory Approvals and the Parent Regulatory Approvals, from Governmental Entities and the making of all necessary Filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity and (ii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions.

(b) Subject to the terms and conditions herein provided and without limiting the foregoing, the Company and Parent shall use their respective reasonable best efforts to:

(i) make, or cause to be made, in consultation and cooperation with the other Party, at a mutually agreeable time after the date of this Agreement, (A) an appropriate Filing pursuant to the HSR Act relating to the Merger and thereafter any other required submissions under the HSR Act, (B) all other necessary Filings relating to the Merger under any other applicable Antitrust Law and (C) all necessary Filings with the FCC;

(ii) make, or cause to be made, in consultation and cooperation with the other Party, all necessary Filings with other Governmental Entities relating to the Merger, including any such Filings with the Applicable PSCs, as promptly as practicable after the date hereof (and use reasonable best efforts to make, or cause to be made, such Filings within sixty (60) days after the date hereof, which may be extended by mutual agreement of the Parties (such consent not to be unreasonably withheld, conditioned or delayed));

(iii) shall furnish to the other Party all assistance, cooperation and information reasonably required for any such Filing made by such Party and in order to achieve the effects set forth in this Section 5.8; and

(iv) subject to Section 5.8(e), (A) take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the Transactions, including taking all such further action as may be necessary to resolve such objections, if any, the FTC, the DOJ or the Applicable PSCs may assert under Regulatory Law with respect to the Transactions so as to enable the Closing to occur as soon as reasonably practicable (and in any event no later than the End Date), including (1) proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture or disposition of such assets or businesses of Parent or the Parent Subsidiaries or Parent's Affiliates or of the Company or the Company Subsidiaries or the Company's Affiliates and (2) otherwise taking or committing to take actions that after the Closing Date would limit Parent's or any Parent Subsidiary's (including the Surviving Corporation's) or Parent's Affiliates' freedom of

action with respect to, or its or their ability to retain, one or more of Parent's or any Parent Subsidiary's (including the Surviving Corporation's) businesses, product lines or assets, in each case, as may be required in order to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding which would otherwise have the effect of preventing or materially delaying the Closing, and (B) subject to applicable legal limitations and the instructions of any Governmental Entity, keep each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including promptly furnishing the other Party with copies of notices or other communications received by the Company or Parent, as the case may be, or any of their respective Subsidiaries, from any third party or any Governmental Entity with respect to such transactions. The Company and Parent shall permit counsel for the other Party reasonable opportunity to review in advance, and consider in good faith the views of the other Party in connection with any proposed written communication to any Governmental Entity. Each of the Company and Parent agrees not to participate in any substantive meeting or discussion, either in person, by telephone or other telecommunication, with any Governmental Entity in connection with the proposed transactions unless it consults with the other Party in advance and, to the extent not prohibited by such Governmental Entity, gives the other Party the opportunity to attend and participate.

(c) Parent and the Company shall jointly be responsible for, and Parent shall take the lead in, scheduling and conducting any meeting with any Governmental Entity or any intervenor in any proceeding relating to the HSR Clearance, a Parent Regulatory Approval or a Company Regulatory Approval, coordinating, preparing and making any applications and Filings with, and communicating with and resolving any investigation or other inquiry of, any agency or other Governmental Entity, and determining the strategy and timing for, and making all material decisions relating to, obtaining the HSR Clearance, the Parent Regulatory Approvals and Company Regulatory Approvals and any other approvals from any Governmental Entity or other Person necessary, proper or advisable to consummate the Merger.

(d) In furtherance and not in limitation of the covenants of the Parties contained in this Section 5.8, if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law, each of the Company and Parent shall cooperate in all respects with each other and shall use their respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Transactions. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 5.8 shall limit a Party's right to terminate this Agreement pursuant to Section 7.1(b) or 7.1(c) so long as such Party has, prior to such termination, complied with its obligations under this Agreement, including this Section 5.8.

(e) Notwithstanding anything in this Agreement to the contrary, nothing in this Section 5.8 shall be construed to require the Company, Parent or any of their respective Affiliates to undertake any efforts or take any action (including agreeing to accept or accepting any terms, conditions, liabilities, obligations, commitments, sanctions or other measures and proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture, licensing or disposition of assets or businesses of the Company, Parent or any of their respective Affiliates) as may be required to resolve objections, if any, of the FTC, the DOJ or Applicable PSC (or any other Governmental Entity that may assert jurisdiction under applicable Law and to which the Parties deem it necessary, proper or advisable to obtain or make a Consent or Filing with such Governmental Entity to consummate the Merger), if the taking of such efforts or action with respect thereto would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, condition (financial or otherwise), properties, results of operations, liabilities, assets or operations of Parent and the Parent Subsidiaries and Parent's Affiliates, taken as a whole, or the Company and the Company Subsidiaries and the Company's Affiliates, taken as a whole (any of the foregoing effects, a "Burdensome Effect"); provided that, for purposes of determining whether a potential adverse effect would constitute a Burdensome Effect, Parent and the Parent Subsidiaries and Parent's Affiliates, taken as a whole, shall be deemed to be a consolidated group of entities that is the size and scale of the Company and the Company Subsidiaries and the Company's Affiliates, taken as a whole. Notwithstanding the foregoing, no undertakings, commitments, actions, terms, conditions or obligations set forth in Section 1.7, Section 1.8 or Section 5.20 shall constitute or be taken into account in determining whether there has been a Burdensome Effect. Neither Parent nor the Company shall accept, or agree to accept, any commitments, actions or conditions in connection with the Merger pursuant to any settlement or otherwise with any Applicable PSC or any other Person without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Nothing in this Section 5.8 shall obligate Parent or the Company or any of their respective Subsidiaries or Affiliates to take any action that is not conditioned on the Closing.

(f) Neither the Company nor Parent shall, and each shall cause its respective Subsidiaries and Affiliates not to, take any action, including acquiring any asset, property, business or Person (by way of merger, consolidation, share exchange, investment, other business combination, asset, stock or equity purchase, or otherwise), that would reasonably be expected to (i) materially increase the risk of not obtaining any Consent or Filing contemplated by this Section 5.8 prior to the End Date or (ii) result in a Consent being required from a state public utility commission (other than an Applicable PSC) in connection with the consummation of the Transactions, and, subject to applicable Law, including any Antitrust Law, each of the Company and Parent shall promptly notify and consult with the other Party with respect to any contemplated action of the type described in clauses (i) or (ii).

Section 5.9 Takeover Laws. If any Takeover Law becomes applicable to the Transactions, each of Parent, the Parent Board, the Company and the Company Board shall use reasonable best efforts to grant such approvals and take such actions as are reasonably necessary so that the Transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of such Takeover Law on the Transactions.

Section 5.10 Public Announcements. Except with respect to (a) a Company Adverse Recommendation Change (or any response thereto) or a Company Recommendation Change Notice (or any response thereto), (b) a Parent Adverse Recommendation Change (or any response thereto) or a Parent Recommendation Change Notice (or any response thereto), (c) any dispute between or among the Parties regarding this Agreement or the Transactions and (d) a press release

or other public statement that is consistent in all material respects with previous press releases, public disclosures or public statements made by a Party in accordance with this Agreement, including in investor conference calls, SEC Filings, Q&As or other publicly disclosed documents, in each case under this clause (d), to the extent such disclosure is still accurate in all material respects, the Company and Parent shall consult with each other before issuing, and give each other the reasonable opportunity to review and comment upon, any press release or making any other public statement with respect to this Agreement or the Transactions, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as such Party reasonably concludes (based upon advice of its outside legal counsel) is required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. The Company and Parent agree that the initial press release to be issued with respect to this Agreement shall be in a form agreed to by the Parties.

Section 5.11 Indemnification and Insurance.

(a) From and after the Effective Time, Parent shall cause the Surviving Corporation to honor all rights to exculpation, indemnification and advancement of expenses now existing in favor of Company Personnel as provided in the Company Organizational Documents or the Organizational Documents of the Company Subsidiaries or in any agreement to which the Company or any Company Subsidiary is a party, which rights shall survive the Merger and shall continue in full force and effect to the extent permitted by Law. For a period of six (6) years from the Effective Time, Parent shall cause the Surviving Corporation to maintain in effect the exculpation, indemnification and advancement of expenses provisions of the Company Organizational Documents and any Organizational Documents of the Company Subsidiaries in effect as of the date hereof or in any indemnification agreements of the Company or the Company Subsidiaries with any of their respective directors, officers or employees in effect immediately prior to the Effective Time, and shall not amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who immediately before the Effective Time were current or former directors, officers or employees of the Company or any Company Subsidiary; provided, however, that all rights to indemnification in respect of any Claim pending, asserted or made within such period shall continue until the disposition or resolution of such Claim. Parent shall assume, be jointly and severally liable for, and honor, guaranty and stand surety for, and shall cause the Surviving Corporation and its Subsidiaries to honor, in accordance with their respective terms, each of the covenants contained in this Section 5.11.

(b) From and after the Effective Time, each of Parent and the Surviving Corporation shall, to the fullest extent permitted under applicable Law, indemnify and hold harmless (and advance funds in respect of each of the foregoing) each Company Personnel and each Person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise if such service was at the request or for the benefit of the Company or any Company Subsidiary (each, together with such Person's heirs, executors or administrators, an "Indemnified Party") against any costs or expenses (including advancing attorneys' fees and expenses in advance of the final disposition of any Claim to each Indemnified Party to the fullest extent permitted by Law), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement (provided that any Claim may

only be settled with the prior written consent of Parent, not to be unreasonably withheld) in connection with any actual or threatened Claim, arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred before or at the Effective Time (including acts or omissions in connection with such Persons serving as an officer, director or other fiduciary in any entity if such service was at the request or for the benefit of the Company). In the event of any such Claim, Parent and the Surviving Corporation shall cooperate with the Indemnified Party in the defense of any such Claim.

(c) For a period of six (6) years from the Effective Time, Parent shall cause to be maintained in effect the coverage provided by the policies of directors' and officers' liability insurance and fiduciary liability insurance in effect as of the Closing Date maintained by the Company and the Company Subsidiaries with respect to matters arising on or before the Effective Time either through the Company's existing insurance provider or another provider reasonably selected by Parent; provided, however, that after the Effective Time, Parent shall not be required to pay annual premiums in excess of three hundred percent (300%) of the last annual premium paid by the Company prior to the date hereof in respect of the coverages required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount; provided, further, that in lieu of the foregoing insurance coverage, Parent may direct the Company to purchase "tail" insurance coverage, at a cost no greater than the aggregate amount which the Surviving Corporation would be permitted to spend during the six (6)-year period provided for in this Section 5.11(c), that provides coverage not materially less favorable than the coverage described above.

(d) Parent shall pay all reasonable expenses, including reasonable attorneys' fees, that may be incurred by any Indemnified Party in enforcing the indemnity and other obligations provided in this Section 5.11.

(e) The rights of each Indemnified Party hereunder shall be in addition to, and not in limitation of, any other rights such Indemnified Party may have under the Company Organizational Documents or the Organizational Documents of the Company Subsidiaries or the Surviving Corporation, any other indemnification arrangement, the Pennsylvania Entity Laws or otherwise. The provisions of this Section 5.11 shall survive the consummation of the Merger and expressly are intended to benefit, and are enforceable by, each of the Indemnified Parties.

(f) In the event that the Surviving Corporation or any of its respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then in each such case, proper provision shall be made so that the successors and assigns of the Surviving Corporation shall assume the obligations set forth in this Section 5.11.

Section 5.12 Integration Planning Committee. Subject to applicable Law, including any Antitrust Law, as soon as reasonably practicable after the date hereof, the Parties shall create a special transition committee to oversee integration planning, including consulting with respect to operations and major regulatory decisions, and after the expiration or termination of the waiting periods (and any extensions thereof) under the HSR Act applicable to the Merger and the Transactions, providing post-Closing operations recommendations (the "Integration Planning

Committee"). The Integration Planning Committee shall be co-led by a designee of each of Parent and the Company. Notwithstanding anything herein to the contrary, the members of the Integration Planning Committee designated by Parent shall have the authority, on behalf of Parent, to provide any consents or approvals required to be given by Parent pursuant to Section 5.1, and the members of the Integration Planning Committee designated by the Company shall have the authority, on behalf of the Company, to provide any consents or approvals required to be given by the Company pursuant to Section 5.2.

Section 5.13 Control of Operations. Without in any way limiting any Party's rights or obligations under this Agreement, the Parties acknowledge and agree that:

(a) (i) nothing contained in this Agreement shall give Parent, directly or indirectly, the right to control or direct the operations of the Company or any Company Subsidiary prior to the Effective Time and (ii) prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Company Subsidiaries' respective operations; and

(b) (i) nothing contained in this Agreement shall give the Company, directly or indirectly, the right to control or direct the operations of Parent or any Parent Subsidiary prior to the Effective Time and (ii) prior to the Effective Time, Parent shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and the Parent Subsidiaries' respective operations.

Section 5.14 Section 16 Matters. Prior to the Effective Time, Parent and the Company shall take all such steps as may be required to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) or acquisitions of Parent Common Stock (including derivative securities with respect to Parent Common Stock) resulting from the Transactions by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company or will become subject to such reporting requirements with respect to Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 5.15 Tax Matters.

(a) Parent shall reasonably promptly notify the Company, and the Company shall reasonably promptly notify Parent, in each case, if such Party becomes aware of any fact or circumstance that would reasonably be likely to prevent the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code (the "Intended Tax Treatment").

(b) Each of Parent and the Company shall use reasonable best efforts to obtain, and reasonably cooperate with the other Party in connection with the issuance to Parent or the Company of any Tax opinion(s) of counsel (i) required to be issued in connection with the declaration of effectiveness of the Form S-4 by the SEC regarding the U.S. federal income tax treatment of the Merger or (ii) reasonably necessary to confirm (or otherwise permit one or more of the Parties to report the Merger consistently with) the Intended Tax Treatment, in each case, including using reasonable best efforts to deliver to the relevant counsel certificates (dated as of the necessary date and signed by an officer of Parent or of the Company, as applicable) that contain customary representations reasonably necessary or appropriate for such counsel to render such opinions.

(c) Each of Parent and the Company shall (and shall cause its respective Subsidiaries and Affiliates to) use its commercially reasonable efforts (i) to cause the Merger to qualify for the Intended Tax Treatment with respect to which Parent and the Company will each be a "party to the reorganization" within the meaning of Section 368(b) of the Code and (ii) not to, and not permit or cause any of its respective Subsidiaries or Affiliates to, take or cause to be taken any action, or fail to take or cause to be taken any action, which action, failure or cessation, as applicable, could reasonably be expected to cause the Merger to fail to or cease to qualify for the Intended Tax Treatment; provided, however, that taking, permitting or causing to be taken any action, or any failure to act, in each case, that is required or specifically contemplated by any other provision of this Agreement shall not constitute a breach of this Section 5.15(c).

(d) Except as prohibited by applicable Law, the Parties shall (and shall cause their respective Subsidiaries and Affiliates to) report and treat the Merger for U.S. federal, state and other applicable income tax purposes in accordance with the Intended Tax Treatment (and comply with all reporting and recordkeeping requirements applicable to the Merger that are prescribed by the Code, the Treasury Regulations or forms, instructions or other publications of the Internal Revenue Service, including the recordkeeping and information-filing requirements prescribed by Treasury Regulations Section 1.368-3) and take no tax position inconsistent with reporting and treating the Merger for U.S. federal, state and other applicable income tax purposes in accordance with the Intended Tax Treatment.

(e) Any liability arising out of any real estate transfer Tax with respect to interests in real property owned directly or indirectly by the Company or any Company Subsidiary immediately prior to the Merger, if applicable and due with respect to the Merger, shall be borne by the Surviving Corporation and expressly shall not be a direct liability of shareholders of the Company.

Section 5.16 Stock Exchange Listing. Parent shall use its reasonable best efforts to cause the shares of Parent Common Stock to be issued as Merger Consideration to be listed on the NYSE, subject to official notice of issuance, prior to the Effective Time. The Company shall use its reasonable best efforts to cooperate with Parent in connection with the foregoing, including by providing information reasonably requested by Parent in connection therewith.

Section 5.17 Stock Exchange Delisting; Deregistration. Prior to the Effective Time, the Parties shall use their respective reasonable best efforts to facilitate the commencement of the delisting of the Company and of the Company Common Stock from the NYSE and the deregistration of such Company Common Stock under the Exchange Act as promptly as practicable after the Effective Time. Prior to the Effective Time, the Company shall not voluntarily delist the Company Common Stock from the NYSE.

Section 5.18 Transaction Litigation. Each of the Company and Parent and shall promptly notify the other Party of any litigation commenced after the date of this Agreement of which it has received notice relating to this Agreement, the Merger or the other Transactions that is brought against the Company or Parent or members of the Company Board or the Parent Board ("Transaction Litigation"). Each of the Company and Parent shall reasonably consult with the other Party with respect to the defense or settlement of any Transaction Litigation and shall provide such other Party the opportunity to participate in (but not control) such defense and settlement and shall not settle or compromise or agree to settle or compromise any Transaction Litigation without the other Party's consent (not to be unreasonably withheld, conditioned or delayed).

Section 5.19 Dividends. During the Interim Period, each of the Company and Parent shall coordinate with the other Party regarding the declaration and payment of dividends in respect of Company Common Stock and Parent Common Stock and the record dates and payment dates relating thereto, it being the intention of the Company and Parent that no holder of Company Common Stock or Parent Common Stock shall receive two (2) dividends, or fail to receive one (1) dividend, for any single calendar quarter with respect to its shares of Company Common Stock or Parent Common Stock (including Parent Common Stock issued in connection with the Merger), as the case may be.

Section 5.20 Headquarters and Operations of Parent.

(a) Following the Effective Time, Parent shall:

(i) retain its current name; and

(ii) maintain its headquarters and principal corporate offices in Camden, New Jersey.

(b) Following the Effective Time, Parent shall, and shall cause its Subsidiaries to, maintain substantial operations within the Commonwealth of Pennsylvania, including (i) maintaining the Company's office complex located in Bryn Mawr, Pennsylvania for a period of five (5) years immediately following the Effective Time and (ii) maintaining the headquarters and principal corporate offices for the Company's gas business in Pittsburgh, Pennsylvania, in the case of clause (ii), in accordance with the Company's settlement with the Pennsylvania Public Utility Commission in connection with the acquisition of the Company's gas business.

Section 5.21 Charitable Contributions. During the two (2)-year period immediately following the Effective Time, Parent shall provide, directly or indirectly, community development and charitable contributions within the service areas of the Company and the Company Subsidiaries that are utilities at levels consistent with the levels of community development and charitable contributions historically provided by the Company and the Company Subsidiaries, and thereafter, at levels consistent with those provided by Parent and the Parent Subsidiaries within their service areas.

Section 5.22 Indebtedness.

(a) During the Interim Period, the Parties shall cooperate in good faith to mutually determine and use commercially reasonable efforts to implement any necessary, appropriate or desirable arrangements, in anticipation of the consummation of the Merger and the other Transactions, regarding each Party's and its Subsidiaries' credit agreements, indentures or other documents governing or relating to Indebtedness of the Parties and their Subsidiaries, including arrangements by way of amendments, consents, redemption, payoff, new financing or

otherwise, with respect to refinancing or retaining a Party's or its Subsidiaries' credit agreements or notes. Notwithstanding the foregoing, and without limiting Section 5.23, in the event that a Specified Debt Amendment has not been obtained in respect of the Specified Debt Agreement prior to the date that is thirty (30) days prior to the anticipated Closing Date, the Company shall use commercially reasonable efforts to deliver (or cause to be delivered) to Parent, on or prior to the Closing Date (with drafts delivered at least five (5) Business Days prior to the anticipated Closing Date), a fully executed copy of a customary payoff letter with respect to the obligations under the Specified Debt Agreement.

(b) Notwithstanding the foregoing, and without limiting Section 5.23, as soon as reasonably practicable, the Company shall use its commercially reasonable efforts to (i) (A) commence offers to prepay (including change in control offers) all of the notes issued pursuant to the 2016 Note Purchase Agreement on such terms and conditions that are set forth in Section 8.7 thereof and (B) cause the Company Subsidiaries, and direct its and their respective non-legal Representatives, to provide all cooperation reasonably requested by Parent in connection with any such prepayment or (ii) obtain a waiver of, or an amendment or modification to the 2016 Note Purchase Agreement such that the consummation of the Merger shall not constitute a "Change in Control" or a "Control Event" (each term as defined in the 2016 Note Purchase Agreement); provided that, in the case of clauses (i) and (ii), any such prepayment, waiver, amendment or modification must be conditioned on the occurrence of the Closing and consummated or executed and delivered on or prior to the Closing Date.

Section 5.23 Third Party Consents. Prior to the Closing, each Party shall use its commercially reasonable efforts, subject to and in accordance with applicable Law, to obtain, and to cooperate in obtaining, all Consents from third parties (other than Governmental Entities) necessary to consummate and make effective the Transactions; provided that any material amendment, waiver or other modification to the Specified Debt Agreement or the 2016 Note Purchase Agreement that is not contemplated by Section 5.22 shall be in form and substance reasonably satisfactory to Parent; provided, further, that no Party shall be required to (a) incur any liability or pay any consent fees in order to obtain any such Consent which would require any such fees to be payable prior to the Closing Date, (b) agree to any amendment to, or modification of, any Contract, or to waive any rights thereunder, as a condition to obtaining such Consent if such amendment, modification or waiver would be effective prior to the Closing Date or (c) unreasonably interfere with any customer relationship of such Party or any of its Affiliates.

ARTICLE VI

CONDITIONS TO THE MERGER

Section 6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each Party to effect the Merger shall be subject to the satisfaction or waiver (to the extent permitted by applicable Law) at or prior to the Effective Time of the following conditions:

(a) Shareholder and Stockholder Approvals. Each of the Company Shareholder Approval and the Parent Stockholder Approval shall have been obtained.

(b) No Legal Restraint. No (i) Judgment issued by any court or Governmental Entity that prevents, makes illegal or prohibits the consummation of the Merger, whether preliminary, temporary or permanent, shall be in effect and (ii) Law shall have been enacted, entered, promulgated or enforced by any Governmental Entity after the date of this Agreement which prevents, makes illegal or prohibits the consummation of the Merger (any such Judgment or Law, a "Legal Restraint").

(c) Form S-4. The Form S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the Form S-4 shall have been issued by the SEC and no proceedings for that purpose shall have been initiated by the SEC and not withdrawn.

(d) NYSE Listing. The shares of Parent Common Stock to be issued in the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

Section 6.2 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger is further subject to the satisfaction or the waiver by the Company on or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth herein (i) with respect to Section 4.1(a), Section 4.1(b), Section 4.2(b), Section 4.3(a), Section 4.5(a) and Section 4.14 shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), in all material respects, (ii) with respect to Section 4.2(a) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), in all respects (except for *de minimis* inaccuracies), and (iii) with respect to all other representations and warranties shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except in the case of clause (iii) where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Parent Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Performance of Covenants and Agreements. Each of Parent and Merger Sub shall have in all material respects performed or complied with all covenants and other agreements required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) No Parent Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Change that has had or would reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect.

(d) Officer's Certificates. The Company shall have received from Parent a certificate, dated as of the Closing Date and signed by an executive officer of Parent, certifying to the effect that the conditions set forth in Sections 6.2(a), 6.2(b) and 6.2(c) have been satisfied.

(e) Required Regulatory Approvals. (i) The Company Regulatory Approvals and the Parent Regulatory Approvals shall have been obtained and the expiration or termination of the waiting periods or agreements between the Parties and a Governmental Entity not to close the transaction embodied in a "timing agreement" (and any extensions thereof) required under the HSR Act applicable to the Merger and the Transactions (such termination or expiration, the "HSR Clearance") shall have occurred at or prior to the Effective Time, and such approvals shall have become Final Orders and (ii) such Final Orders shall not impose terms or conditions that, individually or in the aggregate, constitute a Burdensome Effect. For purposes of this Article VI, a "Final Order" means a Judgment by the relevant Governmental Entity that (A) has not been reversed, stayed, enjoined, set aside, annulled or suspended and is in full force and effect and (B) with respect to which, if applicable, any mandatory waiting period expressly prescribed by Law before the Merger may be consummated has expired or been terminated; provided that the HSR Clearance (i.e., the expiration or termination of the waiting periods (and any extensions thereof) required under the HSR Act) shall constitute a Final Order once such waiting periods or agreements between the Parties and a Governmental Entity not to close the transaction embodied in a "timing agreement" have expired or been terminated.

Section 6.3 Conditions to Obligation of Parent to Effect the Merger. The obligation of Parent and Merger Sub to effect the Merger is further subject to the satisfaction or the waiver by Parent on or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company set forth herein (i) with respect to Section 3.1(a), Section 3.1(b), Section 3.2(b), Section 3.3(a), Section 3.5(a) and Section 3.14 shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), in all material respects, (ii) with respect to Section 3.2(a) shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), in all respects (except for *de minimis* inaccuracies), and (iii) with respect to all other representations and warranties shall be true and correct both when made and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except in the case of clause (iii) where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Performance of Covenants and Agreements. The Company shall have in all material respects performed and complied with all covenants and other agreements required by this Agreement to be performed or complied with by it prior to the Effective Time.

(c) No Company Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Change that has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(d) Officer's Certificates. Parent shall have received from the Company a certificate, dated as of the Closing Date and signed by an executive officer of the Company, certifying to the effect that the conditions set forth in Sections 6.3(a), 6.3(b) and 6.3(c) have been satisfied.

(e) Required Regulatory Approvals. (i) The Company Regulatory Approvals and the Parent Regulatory Approvals shall have been obtained and the HSR Clearance shall have occurred at or prior to the Effective Time, and such approvals shall have become Final Orders and (ii) such Final Orders shall not impose terms or conditions that, individually or in the aggregate, constitute a Burdensome Effect.

ARTICLE VII

TERMINATION

Section 7.1 Termination. Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Effective Time, whether before or after any approval of the matters presented in connection with the Merger by the shareholders of the Company or the stockholders of Parent:

(a) by the mutual written consent of the Company and Parent;

(b) by either the Company or Parent if the Merger shall not have been consummated on or prior to the eighteen (18)-month anniversary of the date hereof (the "End Date"); provided, however, that if all of the conditions to Closing contained in Article VI shall have been satisfied or shall be then capable of being satisfied (other than the conditions set forth in Section 6.1(b) (*No Legal Restraints*), Section 6.2(e) (*Required Regulatory Approvals*) or Section 6.3(e) (*Required Regulatory Approvals*)), the End Date shall automatically be extended by an additional three (3) months after the End Date (the "First Extended End Date"); provided, further, that if, on the First Extended End Date, all of the conditions to Closing contained in Article VI shall have been satisfied or shall be then capable of being satisfied (other than the conditions set forth in Section 6.1(b) (*No Legal Restraints*), Section 6.2(e) (*Required Regulatory Approvals*) or Section 6.3(e) (*Required Regulatory Approvals*)), then either the Company or Parent may, by written notice to the other Party, further extend the End Date for an additional three (3) months (the "Second Extended End Date"); provided, further, that if the End Date shall occur (i) during any mandatory waiting period prescribed by Law, the End Date shall be extended until the third (3rd) Business Day after the expiration of such waiting period or (ii) during the three (3)-Business Day period referred to in Section 1.2, the End Date shall be extended until the Business Day immediately after the expiration of such three (3)-Business Day period, and all references to the term "End Date" herein shall mean the End Date as extended pursuant to this Section 7.1(b), including, as applicable, the First Extended End Date and the Second Extended End Date; provided, moreover, that the right to terminate this Agreement pursuant to this Section 7.1(b) shall not be available to a Party if such Party is then in material breach of any of its covenants or other agreements under this Agreement and such breach has been the principal cause of or principally resulted in the failure of the Closing to have occurred prior to the End Date;

(c) by either the Company or Parent if any Legal Restraint having any of the effects set forth in Section 6.1(b) shall be in effect and shall have become final and nonappealable; provided that the right to terminate this Agreement under this Section 7.1(c) shall not be available to any Party if such failure to satisfy the condition set forth in Section 6.1(b) was principally caused by or principally resulted from a material breach by such Party of its covenants or other agreements under this Agreement;

(d) by either the Company or Parent if the Company Shareholder Meeting (including any adjournments or postponements thereof) shall have concluded and the Company Shareholder Approval contemplated by this Agreement shall not have been obtained;

(e) by either the Company or Parent if the Parent Stockholder Meeting (including any adjournments or postponements thereof) shall have concluded and the Parent Stockholder Approval contemplated by this Agreement shall not have been obtained;

(f) by the Company, if Parent or Merger Sub shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.2(a) or Section 6.2(b) and (ii) cannot be cured or, if curable, is not cured prior to the earlier of (A) thirty (30) days after written notice thereof is given by the Company to Parent and (B) three (3) Business Days prior to the End Date; provided that the right to terminate this Agreement pursuant to this Section 7.1(f) shall not be available to the Company if the Company is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement such that any of the conditions set forth in Section 6.3(a) or Section 6.3(b) would not be capable of being satisfied;

(g) by Parent, if the Company shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 6.3(a) or Section 6.3(b) and (ii) cannot be cured or, if curable, is not cured prior to the earlier of (A) thirty (30) days after written notice thereof is given by Parent to the Company and (B) three (3) Business Days prior to the End Date; provided that the right to terminate this Agreement pursuant to this Section 7.1(g) shall not be available to Parent if Parent or Merger Sub is then in breach of any of its representations, warranties, covenants or other agreements contained in this Agreement such that any of the conditions set forth in Section 6.2(a) or Section 6.2(b) would not be capable of being satisfied;

(h) by the Company, at any time prior to obtaining the Company Shareholder Approval, in order to enter into a written definitive agreement for a Company Superior Proposal, if the Company has complied with its obligations under Section 5.4(c); provided that any such purported termination by the Company pursuant to this Section 7.1(h) shall be void and of no force or effect unless the Company pays to Parent the Company Termination Fee substantially concurrently with such termination in accordance with Section 7.2 (provided, further, that Parent shall have provided wiring instructions for such payment or, if not, then such payment shall be paid promptly following delivery of such instructions);

(i) by Parent, at any time prior to obtaining the Parent Stockholder Approval, in order to enter into a written definitive agreement for a Parent Superior Proposal, if Parent has complied with its obligations under Section 5.5(c); provided that any such purported termination by Parent pursuant to this Section 7.1(i) shall be void and of no force or effect unless Parent pays to the Company the Parent Termination Fee substantially concurrently with such termination in accordance with Section 7.2 (provided, further, that the Company shall have provided wiring instructions for such payment or, if not, then such payment shall be paid promptly following delivery of such instructions);

(j) by the Company, if there has been a Parent Adverse Recommendation Change; provided, however, that the right to terminate this Agreement under this Section 7.1(j) shall not be available to the Company if the Parent Stockholder Approval has been obtained at the Parent Stockholder Meeting; and

(k) by Parent, if there has been a Company Adverse Recommendation Change; provided, however, that the right to terminate this Agreement under this Section 7.1(k) shall not be available to Parent if the Company Shareholder Approval has been obtained at the Company Shareholder Meeting.

In the event of termination of this Agreement pursuant to this Section 7.1, this Agreement shall terminate (except for the last sentence of Section 5.3(b), Section 7.2, and the applicable provisions of Article VIII), and there shall be no other liability on the part of the Company or Parent to the other Party except for liabilities or damages (which, the Parties acknowledge and agree, (i) in the case of liabilities or damages payable by Parent, shall be based upon the loss of the benefit of the bargain by the Company and its shareholders (including any lost premium), and (ii) in the case of liabilities or damages payable by the Company, shall be based upon the loss of the benefit of the bargain by Parent and its stockholders) incurred or suffered as a result of a Willful Breach by such Party of its covenants or other agreements set forth in this Agreement or as provided for in the Confidentiality Agreement, in which case the aggrieved Party shall be entitled to all rights and remedies available at law or in equity.

Section 7.2 Effect of Termination.

(a) Parent and the Company agree that:

(i) if this Agreement is terminated by (A) Parent pursuant to Section 7.1(k) (*Company Adverse Recommendation Change*) or (B) the Company pursuant to Section 7.1(h) (*Company Superior Proposal*); or

(ii) (A) if this Agreement is terminated (1) by Parent pursuant to Section 7.1(g) (*Breach of Company Representations or Covenants*) and the breach or other circumstance giving rise to such termination was willful or (2) by the Company or Parent pursuant to Section 7.1(b) (*End Date*) or Section 7.1(d) (*No Company Shareholder Approval*), (B) prior to any such termination, any Person shall have made a Company Competing Proposal which shall have been publicly announced or disclosed and not publicly withdrawn, and (C) within twelve (12) months after such termination of this Agreement, the Company shall have entered into a Company Competing Agreement,

then the Company shall pay to Parent the Company Termination Fee. Any Company Termination Fee shall be paid to Parent by the Company in immediately available funds (x) upon termination of this Agreement in the case of a termination pursuant to Section 7.2(a)(i)(B), (y) within five (5) Business Days after termination in the case of a termination pursuant to Section 7.2(a)(i)(A) and (z) upon the execution of or entry into a Company Competing Agreement in the case of a termination pursuant to Section 7.2(a)(ii).

(b) Parent and the Company agree that:

(i) if this Agreement is terminated by (A) the Company pursuant to Section 7.1(j) (*Parent Adverse Recommendation Change*) or (B) Parent pursuant to Section 7.1(i) (*Parent Superior Proposal*); or

(ii) (A) if this Agreement is terminated (1) by the Company pursuant to Section 7.1(f) (*Breach of Parent Representations or Covenants*) and the breach or other circumstance giving rise to such termination was willful or (2) by the Company or Parent pursuant to Section 7.1(b) (*End Date*) or Section 7.1(e) (*No Parent Stockholder Approval*), (B) prior to any such termination, any Person shall have made a Parent Competing Proposal which shall have been publicly announced or disclosed and not publicly withdrawn, and (C) within twelve (12) months after such termination of this Agreement, Parent shall have entered into a Parent Competing Agreement,

then Parent shall pay to the Company the Parent Termination Fee. Any Parent Termination Fee shall be paid to the Company by Parent in immediately available funds (x) upon termination of this Agreement in the case of a termination pursuant to Section 7.2(b)(i)(B), (y) within five (5) Business Days after termination in the case of a termination pursuant to Section 7.2(b)(i)(A) and (z) upon the execution of or entry into a Parent Competing Agreement in the case of a termination pursuant to Section 7.2(b)(ii).

(c) Solely for purposes of this Section 7.2, "Company Competing Proposal" and "Parent Competing Proposal" shall have the meanings ascribed thereto in Section 5.4(g)(i) and Section 5.5(g)(i), respectively, except that all references to twenty percent (20%) shall be changed to fifty percent (50%).

(d) Notwithstanding anything to the contrary in this Agreement, if this Agreement is terminated under circumstances in which the Company Termination Fee or the Parent Termination Fee, as applicable, is required to be paid pursuant to this Section 7.2, and the Company Termination Fee or the Parent Termination Fee, as applicable, is paid, then payment of such fee, together with any costs, expenses and interest payable pursuant to Section 7.2(e), shall be the sole and exclusive remedy of the other Party and its shareholders or stockholders, as applicable, and the paying Party shall have no further liability to the other Party or any of its respective Affiliates or Representatives or such Party's shareholders or stockholders, as applicable, with respect to this Agreement or the Transactions; provided that, in all circumstances in which this Agreement is terminated and the Company Termination Fee or the Parent Termination Fee, as applicable, is not required to be paid pursuant to this Section 7.2, nothing herein shall release any Party from liability or damages incurred or suffered as a result of a Willful Breach by such Party of its covenants or other agreements set forth in this Agreement. The Parties acknowledge and agree that in no event shall a Party be required to pay the Company Termination Fee or the Parent Termination Fee on more than one occasion.

(e) Each Party acknowledges and agrees that the agreements contained in this Section 7.2 are integral parts of the Transactions and that, without these agreements, such Party would not enter into this Agreement. Each Party further acknowledges and agrees that payment of the Company Termination Fee and Parent Termination Fee, as applicable, if, as and when required pursuant to this Section 7.2, shall not constitute a penalty but rather will constitute liquidated damages, in a reasonable amount that will compensate the Party receiving such amount in the circumstances in which it is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the Transactions, which amount would otherwise be impossible to calculate with precision. Accordingly, (i) if Parent fails to pay the Parent Termination Fee pursuant to Section 7.2(b) when due, and, in order to obtain such payment, the Company commences a Claim that results in a Judgment against Parent for the Parent Termination Fee, Parent shall pay to the Company, together with the Parent Termination Fee, the Company's costs and expenses (including reasonable and documented attorneys' fees) in connection with such Claim, and interest on the Parent Termination Fee for the period commencing as of the date such payment was required to be made and ending on the date such payment is actually paid to the Company at a rate per annum equal to the Prime Rate in effect on the date such payment was required to be made, or (ii) if the Company fails to pay the Company Termination Fee pursuant to Section 7.2(a) when due, and, in order to obtain such payment, Parent commences a Claim that results in a Judgment against the Company for the Company Termination Fee, the Company shall pay to Parent, together with the Company Termination Fee, Parent's costs and expenses (including reasonable and documented attorneys' fees) in connection with such Claim, and interest on the Company Termination Fee for the period commencing as of the date such payment was required to be made and ending on the date such payment is actually paid to Parent at a rate per annum equal to the Prime Rate in effect on the date such payment was required to be made.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 No Survival of Representations, Warranties, Covenants and Agreements; Recourse Limitations.

(a) None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Merger, except for covenants and agreements which contemplate performance after the Effective Time or otherwise expressly by their terms survive the Effective Time.

(b) Any opinion, projection, forecast, statement, budget, estimate, advice or other information with respect to the projections, budgets, or estimates of future revenues, results of operations (or any component thereof), cash flows, financial condition (or any component thereof) or the future business and operations of another Party or its Subsidiaries (collectively, "Projections") that may have been provided or made available by such Party or its Representatives has been provided on a non-reliance basis without any representation or warranty. Except for the representations and warranties expressly set forth in Article III (as modified by the Company Disclosure Schedule), in Article IV (as modified by the Parent Disclosure Schedule) or in any certificate delivered by a Party to another Party in accordance with the terms hereof (the "Express Representations"), each Party (i) specifically acknowledges and agrees that none of the Parties or any of their Representatives or any other Person makes, or has made, any other express or implied representation or warranty whatsoever (whether at law or in equity), including with respect to such Party or its Subsidiaries or Affiliates or any of their respective businesses, assets, employees,

Permits, liabilities, operations, prospects, condition (financial or otherwise) or any Projection, and hereby expressly waives and relinquishes any and all rights, Claims or causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) based on, arising out of or relating to any such other representation or warranty or any Projection, (ii) specifically acknowledges and agrees to each other Party's express disclaimer and negation of any such other representation or warranty or any Projection and of all liability and responsibility for any such other representation or warranty or any Projection, (iii) expressly waives and relinquishes any and all rights, Claims and causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) against any Person (including any other Party) based on, arising out of, relating to or in connection with any Projection or any other information provided by or on behalf of any other Party (including the accuracy, completeness or materiality thereof) and (iv) agrees that the sole recourse under this Agreement shall be against the other Parties and that no other Person (including the Representatives, stockholders or shareholders of the other Parties) shall have any liability or obligation (and, in furtherance thereof, hereby expressly waives and relinquishes any and all rights, Claims and causes of action (whether in contract or in tort or otherwise, or whether at law or in equity) against any such Person) based on, arising out of, relating to or in connection this Agreement (or the negotiation, execution, performance or subject matter of this Agreement) or the Transactions (including for any alleged nondisclosure or misrepresentations made by any such Person). Each Party acknowledges and agrees that it has conducted to its satisfaction its own independent investigation of the Transactions and, in making its determination to enter into this Agreement and proceed with the Transactions, has relied solely on the Express Representations, and except for such Express Representations, it has not relied on, or been induced by, any representation, warranty or other statement of or by any other Party (or the Affiliates or other Representatives of any Party) or any other Person, including any Projection, in determining to enter into this Agreement and proceed with the Transactions.

Section 8.2 Expenses. Except as otherwise provided in Section 7.2, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger, this Agreement and the Transactions shall be paid by the Party incurring or required to incur such expenses, except that (a) the HSR Act filing fees, (b) the costs and expenses incurred in connection with the printing, filing and mailing of the Form S-4 and Joint Proxy Statement (including applicable SEC filing fees or registration fees) and (c) any filing fees in connection with the applications to the Applicable PSCs in connection with the Transactions shall be borne equally by Parent and the Company.

Section 8.3 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one and the same agreement. An executed copy of this Agreement delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement.

Section 8.4 Governing Law. This Agreement, and all claims or causes of action of the Parties (whether in contract or in tort or otherwise, or whether at law or in equity) that may be based on, arise out of or relate to this Agreement or the negotiation, execution, performance or subject matter hereof, shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard to principles of conflict of laws; provided that, notwithstanding the foregoing, the Merger and matters related to the fiduciary obligations of the Company Board shall be governed by, and construed and enforced in accordance with, the Laws of the Commonwealth of Pennsylvania.

Section 8.5 Jurisdiction; Specific Enforcement. The Parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, in addition to any other remedy that may be available to it, including monetary damages, each of the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the Delaware Court of Chancery (or, if such court does not have subject matter jurisdiction, any federal or state court in the State of Delaware, to whose jurisdiction and venue the Parties unconditionally consent and submit). The Parties further agree that no Party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 8.5 and each Party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument. In addition, each of the Parties irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder, or for recognition and enforcement of any judgment in respect of this Agreement and the rights and obligations arising hereunder brought by the other Party or its successors or assigns, shall be brought and determined exclusively in the Delaware Court of Chancery (or, if such court does not have subject matter jurisdiction, any federal or state court in the State of Delaware, to whose jurisdiction and venue the Parties unconditionally consent and submit). Each of the Parties hereby irrevocably submits with regard to any such action or proceeding for itself and in respect of its property, generally and unconditionally, to the personal jurisdiction of the aforesaid court and agrees that it will not bring any action relating to this Agreement or any of the Transactions in any court other than the aforesaid court. Each of the Parties hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named court for any reason other than the failure to serve in accordance with this Section 8.5, (b) any claim that it or its property is exempt or immune from jurisdiction of such court or from any legal process commenced in such court (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by the applicable Laws, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such court.

Section 8.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS.

Section 8.7 Notices. Any notice, request, instruction or other document to be given hereunder by any Party to any other Party shall be in writing and shall be given and shall be deemed to have been given (a) when personally delivered or one (1) day after deposit with a nationally recognized overnight courier service for delivery on an overnight basis or (b) when sent in the form of an email (provided that there is no automated return email indicating the email address is

no longer valid or active or the recipient thereof is unavailable) between 9:00 a.m. and 5:00 p.m. (New York time) on any Business Day (and, when sent outside of such hours, at 9:00 a.m. (New York time) on the next Business Day) (provided, however, that delivery of email notice pursuant to Section 5.4(d) and Section 5.5(d) shall be deemed to have been given at the time sent, regardless of the time or day of delivery), and shall be directed to the address or email address set forth below (or at such other address, facsimile number or email address as such Party shall designate by like notice).

To Parent or Merger Sub:

American Water Works Company, Inc.
1 Water Street
Camden, NJ 08102
Attention: Stacy Mitchell, General Counsel
Email: stacy.mitchell@amwater.com

with copies to:

American Water Works Company, Inc.
1 Water Street
Camden, NJ 08102
Attention: Jordan Mersky
Email: jordan.mersky@amwater.com

and

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
Attention: Pankaj Sinha; Emily Prezioso Walsh
Email: psinha@skadden.com; emily.walsh@skadden.com

To the Company:

Essential Utilities, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Christopher Luning
Email: CPLuning@essential.co

with copies to:

Gibson, Dunn & Crutcher LLP
1700 M Street N.W.
Washington, DC 20036
Attention: George Stamas; Alexander Fine; Evan D'Amico
Email: gstamas@gibsondunn.com; afine@gibsondunn.com;
edamico@gibsondunn.com

Section 8.8 Disclosure Schedules. The Parties acknowledge and agree that (a) any reference in a particular Section of either the Company Disclosure Schedule or the Parent Disclosure Schedule shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties (or covenants, as applicable) of the relevant Party that are contained in the corresponding Section of this Agreement and (ii) any other representations and warranties of such Party that are contained in this Agreement (regardless of the absence of an express reference or cross-reference in a particular Section of this Agreement or a particular Section of either the Company Disclosure Schedule or Parent Disclosure Schedule), but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties would be reasonably apparent and (b) the fact that any item of information is disclosed in the Company Disclosure Schedule or the Parent Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement, and such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material," "material adverse effect" or other similar terms in this Agreement.

Section 8.9 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns.

Section 8.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

Section 8.11 Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the exhibits and schedules hereto) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except for the provisions of Section 5.11, is not intended to and shall not confer upon any person other than the Parties any rights or remedies hereunder.

Section 8.12 Amendments; Waivers. At any time prior to the Effective Time, any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company, Parent and Merger Sub or, in the case of a waiver, by the Party against whom the waiver is to be effective; provided, however, that after receipt of the Company Shareholder Approval, if any such amendment or waiver shall by applicable Law or in accordance with the rules and regulations of the NYSE require further approval of the shareholders of the Company, the effectiveness of such amendment or waiver shall be subject to the approval of the shareholders of the Company. Notwithstanding the foregoing, no failure or delay by the Company or Parent in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right hereunder.

Section 8.13 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the Parties only and shall be given no substantive or interpretive effect whatsoever. The table of contents to this Agreement is for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE IX

DEFINITIONS AND INTERPRETATION

Section 9.1 Certain Defined Terms. For purposes of this Agreement, each of the following terms has the meaning specified in this Section 9.1:

"2016 Note Purchase Agreement" means that certain Note Purchase Agreement, dated as of November 3, 2016 (as amended, restated or otherwise modified from time to time), by and among the Company (f/k/a Aqua America, Inc.) and the note purchasers thereto, with respect to $35,000,000 3.01% Senior Notes, Series A, due November 3, 2031, $30,000,000 3.19% Senior Notes, Series B, due November 3, 2034, $25,000,000 3.25% Senior Notes, Series C, due November 3, 2035, $10,000,000 3.41% Senior Notes, Series D, due November 3, 2038 and $25,000,000 3.57% Senior Notes, Series E, due November 3, 2041.

"Acceptable Confidentiality Agreement" means a confidentiality agreement that contains confidentiality provisions that are no less favorable in the aggregate to Parent or the Company, as applicable, than those contained in the Confidentiality Agreement; provided that such confidentiality agreement shall not include any provision calling for an exclusive right to negotiate with any Party to this Agreement or otherwise conflicting with the obligations of any Party under this Agreement and shall permit the disclosures contemplated by Section 5.4 or Section 5.5, as applicable.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ability to elect the members of the board of directors or other governing body of a Person, and the terms "controlled" and "controlling" have correlative meanings.

"Anti-Corruption Laws" means any Laws concerning or relating to bribery or corruption (governmental or commercial), including the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, and all national and international Laws enacted to implement the Organisation for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Officials in International Business Transactions.

"Antitrust Laws" means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, all applicable state, foreign or supranational Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"Applicable PSCs" means collectively the state public utility commissions set forth in Section 9.1 of the Company Disclosure Schedule and Section 9.1 of the Parent Disclosure Schedule.

"Business Day" means a day, other than a Saturday or Sunday or other day on which commercial banks in New York, New York are authorized or required by Law to close.

"Change" means any fact, circumstance, effect, change, condition, occurrence, event or development.

"Claim" means any demand, claim, action, suit, proceeding, investigation, complaint or indictment (whether at law or in equity, civil, criminal, administrative or investigative) or any other arbitration, mediation or similar proceeding, in each case, by or before any Governmental Entity.

"Company 401(k) Plan" means the Essential Utilities, Inc. 401(k) Plan, as amended.

"Company Benefit Plan" means each "employee benefit plan" (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each bonus, stock, stock purchase, stock option or other equity or equity-based compensation arrangement or plan, incentive compensation, deferred compensation, retirement or supplemental retirement, severance plan or policy, termination pay, employment, consulting, change-in-control, retention, transaction bonus, profit sharing, pension, retirement, vacation, cafeteria, dependent care, medical care, death and disability benefit, flexible benefits, supplemental unemployment benefit, employee assistance program, education or tuition assistance program, and each insurance and other fringe or employee benefit plan, program or arrangement, in each case, (a) that is sponsored, maintained, entered into, contributed to or required to be contributed to by the Company or any Company Subsidiary or any of their ERISA Affiliates, (b) for the benefit of current or former employees, directors, individual consultants or other individual service providers (or any dependent or beneficiary thereof) of the Company or any Company Subsidiary or any of their ERISA Affiliates or (c) with respect to which the Company, any Company Subsidiary has or may have any obligation or liability (whether actual or contingent), other than any plan to which the Company or any Company Subsidiary (or has an obligation to contribute) pursuant to applicable Law and that is sponsored or maintained by a Governmental Entity.

"Company DRIP" means the Company's Dividend Reinvestment and Direct Stock Purchase Plan.

"Company ESPP" means the Aqua America, Inc. 2012 Employee Stock Purchase Program.

"Company Material Adverse Effect" means any Change that has, individually or in the aggregate with all other Changes, a material adverse effect on the business, condition (financial or otherwise), properties, results of operations, liabilities, assets or operations of the Company and the Company Subsidiaries, taken as a whole, or on the ability of the Company to consummate the Transactions, but shall not be deemed to include any Change resulting from or arising out of: (a)(i) Changes generally affecting the economy, legislative or political conditions; (ii) Changes generally affecting any financial, securities, commodities or other capital markets; or (iii) Changes in prevailing interest rates, in each case of the foregoing clauses (i), (ii) and (iii), whether in the U.S. or elsewhere in the world, (b) Changes generally affecting the industry or industries in which the Company or the Company Subsidiaries operate, (c) the execution and delivery of this Agreement or the public announcement, pendency or performance of the Merger or any of the other Transactions, including (x) any action taken by the Company or any Company Subsidiary that is expressly required pursuant to this Agreement, or the failure to take any action specifically prohibited by this Agreement (in each case, excluding any such actions required to be taken or not taken pursuant to Section 5.1) or (y) any adverse change in customer, supplier, employee, regulatory, partner or similar relationships resulting therefrom, (d) any taking of any action at the written request or with the written consent of Parent or Merger Sub, (e) any Claim brought or threatened by shareholders of the Company or stockholders of Parent asserting allegations of breach of fiduciary duty or other violation of applicable Law relating to this Agreement or the Transactions, (f) any change or proposed change after the date hereof in applicable Law, (g) any change or proposed change after the date hereof in GAAP or accounting standards or interpretations thereof, (h) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, any civil unrest, or any escalation or worsening of any of the foregoing, (i) any public health emergency (including any epidemic or pandemic), (j) any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development, (k) any reduction in the credit rating or outlook of the Company or any of the Company Subsidiaries (other than a change to a rating, or an outlook contemplating a change to a rating, below investment grade) (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect), (l) any failure in and of itself by the Company or any Company Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taken into account in determining whether there has or will be, a Company Material Adverse Effect), (m) any change in and of itself in the market price or trading volume of shares of Company Common Stock on the NYSE (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Company Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Company Material Adverse Effect), or (n) any Change arising from any requirements imposed by or commitment offered to any

Governmental Entities as a condition to obtaining the HSR Clearance, the Company Regulatory Approvals or the Parent Regulatory Approvals; provided, however, that any Change described in each of clauses (a), (b), (f), (g), (h), (i) or (j) above may be taken into account in determining whether a Company Material Adverse Effect has occurred solely to the extent such Change has had or would reasonably be expected to have a disproportionate adverse effect on the Company and the Company Subsidiaries, taken as a whole, relative to other participants in the industries in which the Company and the Company Subsidiaries operate (in which case, only the incremental disproportionate effect of such Change may be taken into account in determining whether there has been, or would be, a Company Material Adverse Effect, to the extent such Change is not otherwise excluded from being taken into account under this definition).

"Company Performance Share Award" means each restricted stock unit awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to one or more performance-based vesting conditions.

"Company Personnel" means any current or former director, officer or employee of the Company or any Company Subsidiary.

"Company Restricted Share" means each share of Company Common Stock awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time that is subject to one or more vesting conditions.

"Company RSU Award" means each restricted stock unit awarded under the Company Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to solely time-based vesting conditions.

"Company Stock Option" means each stock option awarded under the Company Stock Plan that is outstanding immediately prior to the Effective Time.

"Company Stock Plan" means the Aqua America, Inc. Amended & Restated Omnibus Equity Compensation Plan.

"Company Subsidiary" means any Subsidiary of the Company.

"Company Termination Fee" means $370,000,000.

"Contract" means any written or oral agreement, undertaking, contract, commitment, lease, license, permit, franchise, concession, deed of trust, contract, note, bond, mortgage, indenture, arrangement or other instrument or obligation.

"Environment" means any ambient air, surface water, drinking water, groundwater, land surface (whether below or above water), subsurface strata, sediment, plant or animal life and natural resources.

"Environmental Law" means any Law issued or entered by or with any Governmental Entity relating to (a) the protection of the Environment, including pollution, contamination, cleanup, preservation, protection and reclamation of the Environment, (b) any release or threatened release of any Hazardous Materials, including investigation, assessment, testing, monitoring, containment, removal, remediation and cleanup of any such release or threatened release, (c) the management of any Hazardous Materials, including the use, labeling, processing, disposal, storage, treatment, transport or recycling of any Hazardous Materials or (d) the presence of Hazardous Materials in any building, physical structure, product or fixture.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means with respect to any entity, trade or business, any other entity, trade or business that is, or was at the relevant time, a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes or included the first entity, trade or business, or that is, or was at the relevant time, a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

"Exchange Act" means the Securities Exchange Act of 1934.

"FCC" means the U.S. Federal Communications Commission.

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Entity" means any U.S. or foreign federal, state, provincial or local governmental authority, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing, including any governmental, quasi-governmental or nongovernmental body administering, regulating, or having general oversight over any energy-related markets, or any court, arbitrator, arbitration panel or similar judicial body.

"Hazardous Materials" means any regulated pollutant or contaminant (including any constituent, raw material, product or by-product thereof), hazardous or toxic substance, petroleum, asbestos or asbestos-containing material, per- and poly-fluoroalkyl substances, polychlorinated biphenyls, lead paint, any hazardous, industrial or solid waste, and any other substance, material or agent regulated under Environmental Law due to its deleterious substances.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

"Indebtedness" means, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money (other than intercompany indebtedness), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person evidenced by letters of credit, bankers' acceptances or similar facilities to the extent drawn upon by the counterparty thereto, (d) all capitalized lease obligations of such Person and (e) all guarantees or other assumptions of liability for any of the foregoing.

"Information Privacy Requirements" means (a) with respect to the Company and the Company Subsidiaries, collectively, all of the following to the extent applicable to the Company and the Company Subsidiaries: (i) applicable privacy Laws and (ii) the Company's and the Company Subsidiaries' written notices, policies and procedures related to privacy, security or the Processing of Personal Data and (b) with respect to Parent and the Parent Subsidiaries, collectively, all of the following to the extent applicable to Parent and the Parent Subsidiaries: (i) applicable privacy Laws and (ii) Parent's and the Parent Subsidiaries' written notices, policies and procedures related to privacy, security or the Processing of Personal Data.

"Intellectual Property Rights" means all intellectual property rights in any jurisdiction, including all (a) patents and patent applications, (b) trademarks, service marks, trade dress, logos, slogans, brand names, trade names, Internet domain names and corporate names (whether or not registered), and other indicia of origin, and all applications and registrations in connection therewith, (c) all copyrights (whether or not published), and all applications and registrations in connection therewith, (d) mask works and industrial designs, and all applications and registrations in connection therewith and (e) trade secrets and other intellectual property rights in confidential and proprietary information (including intellectual property rights, if any, in inventions, research and development information, know how, formulas, compositions, technical data, designs, drawings, financial, marketing and business data, customer and supplier lists, algorithms, pricing and cost information, business and marketing plans and proposals, and databases and compilations of data).

"Joint Venture" means, as to any Person, any other Person or other entity which is not a Subsidiary of such Person and in which (a) such Person, directly or indirectly, owns or controls any shares of any class of the outstanding voting securities or other equity interests (other than the ownership of securities primarily for investment purposes as part of routine cash management or investments of two percent (2%) or less in publicly traded companies) or (b) such Person is a general partner.

"Judgment" means a judgment, order, decree, ruling, writ, assessment or arbitration award of a Governmental Entity.

"Knowledge" means (a) with respect to the Company, the actual knowledge of the individuals listed in Section 1.1 of the Company Disclosure Schedule and (b) with respect to Parent, the actual knowledge of the individuals listed in Section 1.1 of the Parent Disclosure Schedule, in the case of each of clause (a) and (b), after making reasonable inquiry of such individual's direct reports having primary responsibility for such matter.

"Law" means any applicable federal, state, local or foreign law, statute, ordinance, rule, regulation, judgment, order, injunction, decree or agency requirement of any Governmental Entity, including common law or the interpretation thereof.

"Organizational Documents" means any corporate, partnership or limited liability organizational documents, including certificates or articles of incorporation, bylaws, certificates of formation, operating agreements (including limited liability company agreement and agreements of limited partnership), certificates of limited partnership, partnership agreements, shareholder agreements and certificates of existence, as applicable.

"Parent Benefit Plan" means each "employee benefit plan" (as defined in Section 3(3) of ERISA), whether or not subject to ERISA, and each bonus, stock, stock purchase, stock option or other equity or equity-based compensation arrangement or plan, incentive compensation, deferred compensation, retirement or supplemental retirement, severance plan or policy, termination pay, employment, consulting, change-in-control, retention, transaction bonus, profit sharing, pension,

retirement, vacation, cafeteria, dependent care, medical care, death and disability benefit, flexible benefits, supplemental unemployment benefit, employee assistance program, education or tuition assistance program, and each insurance and other fringe or employee benefit plan, program or arrangement, in each case, (a) that is sponsored, maintained, entered into, contributed to or required to be contributed to by Parent or any Parent Subsidiary or any of their ERISA Affiliates, (b) for the benefit of current or former employees, directors, individual consultants or other individual service providers (or any dependent or beneficiary thereof) of Parent or any Parent Subsidiary or any of their ERISA Affiliates or (c) with respect to which Parent or any Parent Subsidiary has or may have any obligation or liability (whether actual or contingent), other than any plan to which Parent or any Parent Subsidiary contributes (or has an obligation to contribute) pursuant to applicable Law and that is sponsored or maintained by a Governmental Entity.

"Parent DRIP" means Parent's Dividend Reinvestment and Direct Stock Purchase Plan.

"Parent ESPP" means the Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019.

"Parent Material Adverse Effect" means any Change that has, individually or in the aggregate with all other Changes, a material adverse effect on the business, condition (financial or otherwise), properties, results of operations, liabilities, assets or operations of Parent and the Parent Subsidiaries, taken as a whole, or on the ability of Parent to consummate the Transactions, but shall not be deemed to include any Change resulting from or arising out of: (a)(i) Changes generally affecting the economy, legislative or political conditions; (ii) Changes generally affecting any financial, securities, commodities or other capital markets; or (iii) Changes in prevailing interest rates, in each case of the foregoing clauses (i), (ii) and (iii), whether in the U.S. or elsewhere in the world, (b) Changes generally affecting the industry or industries in which Parent or the Parent Subsidiaries operate, (c) the execution and delivery of this Agreement or the public announcement, pendency or performance of the Merger or any of the other Transactions, including (x) any action taken by Parent or any Parent Subsidiary that is expressly required pursuant to this Agreement, or the failure to take any action specifically prohibited by this Agreement (in each case, excluding any such actions required to be taken or not taken pursuant to Section 5.2) or (y) any adverse change in customer, supplier, employee, regulatory, partner or similar relationships resulting therefrom, (d) any taking of any action at the written request or with the written consent of the Company, (e) any Claim brought or threatened by shareholders of the Company or stockholders of Parent asserting allegations of breach of fiduciary duty or other violation of applicable Law relating to this Agreement or the Transactions, (f) any change or proposed change after the date hereof in applicable Law, (g) any change or proposed change after the date hereof in GAAP or accounting standards or interpretations thereof, (h) geopolitical conditions, the outbreak or escalation of hostilities, any act of war, sabotage or terrorism, any civil unrest, or any escalation or worsening of any of the foregoing, (i) any public health emergency (including any epidemic or pandemic), (j) any hurricane, snow storm or blizzard, strong winds, ice event, fire, tornado, tsunami, flood, earthquake or other natural or manmade disaster or severe weather-related event, circumstance or development, (k) any reduction in the credit rating or outlook of Parent or any of the Parent Subsidiaries (other than a change to a rating, or an outlook contemplating a change to a rating, below investment grade) (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account

in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect), (l) any failure in and of itself by Parent or any Parent Subsidiary to meet any internal or public projection, budget, forecast, estimate or prediction in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may, if not otherwise excluded from being, or being taken into account in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taken into account in determining whether there has or will be, a Parent Material Adverse Effect), (m) any change in and of itself in the market price or trading volume of shares of Parent Common Stock on the NYSE (it being understood that the facts or occurrences giving rise to or contributing to such change may, if not otherwise excluded from being, or being taken into account in determining whether, a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, be deemed to constitute, or be taking into account in determining whether there has or will be, a Parent Material Adverse Effect), or (n) any Change arising from any requirements imposed by or commitment offered to any Governmental Entities as a condition to obtaining the HSR Clearance, the Company Regulatory Approvals or the Parent Regulatory Approvals; provided, however, that any Change described in each of clauses (a), (b), (f), (g), (h), (i) or (j) above may be taken into account in determining whether a Parent Material Adverse Effect has occurred solely to the extent such Change has had or would reasonably be expected to have a disproportionate adverse effect on Parent and the Parent Subsidiaries, taken as a whole, relative to other participants in the industries in which Parent and the Parent Subsidiaries operate (in which case, only the incremental disproportionate effect of such Change may be taken into account in determining whether there has been, or would be, a Parent Material Adverse Effect, to the extent such Change is not otherwise excluded from being taken into account under this definition).

"Parent Performance Share Award" means each restricted stock unit awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to one or more performance-based vesting conditions.

"Parent Restricted Share" means each share of Parent Common Stock awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time that is subject to one or more vesting conditions.

"Parent RSU Award" means each restricted stock unit awarded under a Parent Stock Plan that is outstanding as of immediately prior to the Effective Time and is subject to solely time-based vesting conditions.

"Parent Stock Plan" means each of Parent's 2017 Omnibus Equity Compensation Plan and Parent's 2007 Omnibus Equity Compensation Plan.

"Parent Subsidiary" means any Subsidiary of Parent.

"Parent Termination Fee" means $835,000,000.

"Permits" means any Consents, franchises, grants, easements, variances, exceptions, certificates, clearances, permissions, qualifications and registrations and orders of any Governmental Entity.

"Person" means an individual, firm, body corporate (wherever incorporated), partnership, limited liability company, association, joint venture, trust, works council or employee representative body (whether or not having separate legal personality) or other entity or organization, including a government, state or agency of a state or a Governmental Entity.

"Personal Data" means (a) any information relating to an identified or identifiable natural person or that is reasonably capable of being used to identify a natural person and (b) any data or information defined as "public data," "personal information," "personally identifiable information," or similar phrases under any applicable Law relating to data protection, data transfer, data processing, data breach notification.

"Prime Rate" means, as of any determination date, the rate per annum published in *The Wall Street Journal* as the prime lending rate prevailing as of such date.

"Process," "Processed" or "Processing" means any operation or set of operations which is performed on information, including Personal Data, such as the use, collection, processing, storage, recording, organization, adaption, alteration, transfer, retrieval, consultation, disclosure, dissemination, combination or disposal of such information, or is considered "processing" by any applicable Information Privacy Requirements.

"Regulatory Law" means any Antitrust Law and the rules and regulations of the Applicable PSCs.

"Representatives" means with respect to a Person, such Person's Affiliates and any of such Person's and such Person's Affiliates' respective officers, directors, principals, partners, managers, employees, consultants, service providers, attorneys, accountants, agents, financial advisors, or other authorized representatives.

"Sanctioned Jurisdiction" means any country or territory that is itself the subject or target of any comprehensive Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Syria, the Crimea region, the so-called Luhansk People's Republic, the so-called Donetsk People's Republic regions of Ukraine and the non-government controlled areas of Ukraine in the oblasts of Kherson and Zaporizhzhia).

"Sanctioned Person" means any Person that is the target of Sanctions, including (a) any Person appearing on any Sanctions-related list (including export-control-related lists of restricted parties), (b) any Person located, organized, or resident in a Sanctioned Jurisdiction or (c) any Person directly or indirectly owned fifty percent (50%) or more or controlled, individually or in the aggregate, by one or more Persons described in the foregoing clauses (a) or (b).

"Sanctions" means any economic or financial sanctions or trade embargoes imposed, administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the government of Canada, Global Affairs Canada, Public Safety Canada, the Department of Justice Canada, the United Nations Security Council, the European Union, any European Union member state, or the United Kingdom.

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933.

"Specified Debt Agreement" means the agreement set forth in Section 5.23 of the Company Disclosure Schedule.

"Specified Debt Amendment" means an amendment, waiver or other modification to the Specified Debt Agreement, in form and substance reasonably satisfactory to Parent, the purpose of which is to waive a "Change in Control" (as defined in the Specified Debt Agreement) or similar event that would occur as a result of the consummation of the Transactions.

"Subsidiary" means, with respect to a Person, any other Person (a) of which fifty percent (50%) or more of the outstanding capital stock, voting securities, limited liability company or membership interests, partnership interests or other voting equity interests are owned, directly or indirectly, by such first Person, (b) of which such first Person is entitled to elect, directly or indirectly, at least a majority of the board of directors or other persons performing similar functions or (c) if such other Person is a limited partnership or limited liability company, of which such first Person or one of its Subsidiaries is a general partner or managing member of has the power to direct the policies, management or affairs of such other Person.

"Tax Return" means any return (including any information return), report, declaration, estimate, claim for refund, statement, notice, notification, form, election, certificate, or other document, information, or similar filing (including any elections, notifications, declarations, schedules or attachments thereto, and any amendment thereof) required to be filed or submitted to any Governmental Entity with respect to Taxes.

"Taxes" means any and all U.S. federal, state, local, non-U.S. or other taxes, fees, levies, duties, imposts, obligations and other charges or assessments of the same or similar nature (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed, imposable, collected or collectable by any Governmental Entity, including any income, franchise, windfall or other profits, net worth, gross receipts, occupation, real or personal property, transfer, sales, use, goods and services, license, stamp, fuel, production, capital stock, payroll, employment, unemployment, social security, workers' compensation, unemployment compensation, disability, welfare, alternative or add-on minimum, severance, gift, estate, recording, premium, registration, environmental, excise, withholding, ad valorem, value added or estimated tax, whether disputed or not.

"Willful Breach" means a material breach of a covenant or agreement set forth in this Agreement that is a consequence of an act or failure to act by the breaching Party with knowledge that the taking of such act or failure to act would, or would reasonably be expected to, cause or constitute a material breach of such covenant or agreement.

Section 9.2 Index of Other Defined Terms

. Each of the following capitalized terms has the respective meaning specified on the page set forth opposite such term below:

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Section 9.3 Other Definitional and Interpretative Provisions. When a reference is made in this Agreement to an Article, Section or Exhibit, such reference shall be to an Article, Section or Exhibit of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "or" shall have the inclusive meaning represented by the phrase "and/or." All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant thereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or Law defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Laws) by succession of comparable successor laws and any rules or regulations promulgated thereunder, and references to all attachments thereto and instruments incorporated therein. Each of the Parties has participated in the drafting and negotiation of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if it is drafted by all the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of authorship of any of the provisions of this Agreement. References to any Person include the successors and permitted assigns of that Person. Any reference in this Agreement to a "day" or a number of "days" (without explicit reference to "Business Days") shall be interpreted as a reference to a calendar day or number of calendar days. If any action is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action may be deferred until the next Business Day. Any reference in this Agreement to "U.S." means the United States of America. All documents or other materials that were uploaded to the Intralinks virtual data room titled "Project Summit" and the Firmex virtual data room titled "Project Summit – Epsilon's VDR" as of 11:59 p.m. on the date that is two (2) Business Days immediately preceding the date hereof shall be deemed to have been "made available" to the Company and Parent, respectively, as for all purposes of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ JOHN C. GRIFFITH
Name: John C. Griffith
Title: President and Chief Executive Officer

ALPHA MERGER SUB, INC.

By: /s/ JOHN C. GRIFFITH
Name: John C. Griffith
Title: President and Chief Executive Officer

[Signature Page to Agreement and Plan of Merger]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ESSENTIAL UTILITIES, INC.

By: /s/ CHRISTOPHER H. FRANKLIN
Name: Christopher H. Franklin
Title: Chief Executive Officer

[Signature Page to Agreement and Plan of Merger]

Exhibit A

Form of Articles of Incorporation of the Surviving Corporation

COMMONWEALTH OF PENNSYLVANIA

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

ESSENTIAL UTILITIES, INC.

Dated as of [___]

The Amended and Restated Articles of Incorporation of Essential Utilities, Inc. (the "Corporation") are hereby amended and restated in their entirety to read as follows:

1. Name. The name of the Corporation is Essential Utilities, Inc.

2. Registered Office. The location and address of the registered office of the Corporation in this Commonwealth is 762 West Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania 19010.

3. Statute. The Corporation was incorporated under the provisions of the Pennsylvania Business Corporation Law of 1933, as amended (the "BCL").

4. Capital Stock. The aggregate number of shares of Common Stock which the Corporation shall have authority to issue is One Thousand (1,000) shares each with a par value of One Cent ($0.01).

5. Term. The term for which the Corporation is to exist is perpetual.

6. Authority of Board of Directors. The Board of Directors shall have the full authority permitted by law to fix by resolution full, limited, multiple or fractional, or no voting rights, and such designations, preferences, qualifications, privileges, limitations, restrictions, options, conversion rights and other special or relative rights of any class or any series of any class that may be desired.

7. Cumulative Voting Rights. Shareholders of the Corporation shall not have the right to cumulate their votes for the election of Directors of the Corporation.

8. Bylaws. All conditions, qualifications, requirements, privileges and regulations regarding the Board of Directors and the shareholders, including voting rights, shall be fixed and governed by the Bylaws of the Corporation.

9. Personal Liability of Directors and Officers. To the fullest extent that the laws of the Commonwealth of Pennsylvania, as now in effect or as hereafter amended, permit elimination or limitation of the liability of directors, no director of the Corporation shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a director. The provisions of this Article shall be deemed to be a contract with each director of the Corporation who serves as such at any time while this Article is in effect and each such director shall be deemed to be so serving in reliance on the provisions of this Article. Any amendment or repeal of this Article or adoption of any Bylaw or provision of the Articles of the Corporation which has the effect of increasing director liability shall operate prospectively only and shall not have any effect with respect to any action taken, or any failure to act, by a director prior thereto.

10. Indemnification of, and Advancement of Expenses.

(a) Except as prohibited by law, every director and officer of the Corporation shall be entitled as of right to be indemnified by the Corporation against expenses and any liabilities paid or incurred by such person in connection with any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the Corporation or otherwise, in which he or she may be involved in any manner, as a party, witness or otherwise, or is threatened to be made so involved, by reason of such person being or having been a director or officer of the Corporation or of a subsidiary of the Corporation or by reason of the fact that such person is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or other representative of another company, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit or proceeding hereinafter being referred to as an "Action") to the fullest extent permitted under the BCL. Such right shall be a contract right and as such shall run to the benefit of any director or officer who is elected and accepts the position of director or officer of the Corporation or elects to continue to serve as a director or officer of the Corporation while this Article is in effect. Any repeal or amendment of this Article shall be prospective only and shall not limit the rights of any such director or officer or the obligations of the Corporation with respect to any claim arising from or related to the services of such director or officer in any of the foregoing capacities prior to any such repeal or amendment to this Article. Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to another such entity at the request of the Corporation to the extent the Board of Directors at any time denominates any of such persons as entitled to the benefits of this Article. Without limiting the generality of the foregoing, to the extent permitted by then applicable law, the grant of mandatory indemnification pursuant to this Article shall extend to proceedings involving the negligence of such person. As used in this Article, "indemnitee" shall include each director and officer of the Corporation and each other person denominated by the Board of Directors as entitled to the benefits of this Article, "expenses" shall mean all expenses actually and reasonably incurred, including fees and expenses of counsel selected by an indemnitee, and "liabilities" shall mean amounts of judgments, excise taxes, fines, penalties and amounts paid in settlement.

(b) Right to Advancement of Expenses. Every indemnitee shall be entitled as of right to have his or her expenses in investigating or defending any Action paid in advance by the Corporation prior to final disposition of such Action, provided that the Corporation receives a written undertaking by or on behalf of the indemnitee to repay the amount advanced if it should ultimately be determined that the indemnitee is not entitled to be indemnified for such expenses.

(c) Additional Rights. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense is not permitted under the BCL, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or shareholders) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or shareholders) that such indemnification or advancement is not permissible shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of his or her heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, resolution of shareholders or directors, agreement, or otherwise.

IN TESTIMONY WHEREOF, the undersigned, being the sole shareholder of the Corporation, has signed these Amended and Restated Articles of Incorporation as of the date first written above.

AMERICAN WATER WORKS COMPANY, INC., as Sole Shareholder

By: _____
Name:
Title:

Exhibit B

Form of Bylaws of the Surviving Corporation

AMENDED AND RESTATED BYLAWS

OF

ESSENTIAL UTILITIES, INC.

Dated as of [___]

(A Pennsylvania Business Corporation)

The Amended and Restated Bylaws of Essential Utilities, Inc. (the "Corporation") are hereby amended and restated in their entirety to read as follows:

ARTICLE 1

OFFICES

Section 1.01 Registered Office. The registered office of the Corporation in the Commonwealth of Pennsylvania shall be located at 762 West Lancaster Avenue, Bryn Mawr, Montgomery County, Pennsylvania 19010 until otherwise established by an amendment of the Articles of Incorporation or by the Board of Directors of the Corporation (the "Board of Directors" or the "Board"), and a statement of such change is filed with the Department of State of the Commonwealth of Pennsylvania in the manner provided by law.

Section 1.02 Offices. The principal office of the Corporation and any other offices of the Corporation shall be located at such places, within and without the Commonwealth of Pennsylvania, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE 2

MEETINGS OF SHAREHOLDERS

Section 2.01 Place of Meeting. Meetings of shareholders of Corporation shall be held at such place, within the Commonwealth of Pennsylvania or elsewhere, as may be fixed from time to time by the Board of Directors; *provided, however*, if a meeting is held by means of the Internet or other electronic communications technology in a fashion pursuant to which shareholders have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the shareholders and pose questions to the directors, the meeting need not be held at a particular geographic location.

Section 2.02 Annual Meeting. There shall be an annual meeting of shareholders that shall be held at such time and place as the Board may determine, at which the shareholders shall elect directors and transact such other business as may properly be brought before the meeting.

Section 2.03 Special Meetings. Special meetings of the shareholders may be called at any time by the Board of Directors, any member of the Board or the President. Business transacted at all special meetings shall be confined to the objects stated in the call and matters germane thereto.

Section 2.04 Notice of Meetings. Except as provided in Section 1707 of the Pennsylvania Business Corporation Law of 1988, as amended (the "BCL"), written notice of every meeting of shareholders shall be given in any manner permitted by law or at the direction of the Secretary or such other person as is authorized by the Board of Directors to each shareholder of record entitled to receipt thereof, at least one day prior to the day named for the meeting, unless a greater period of notice is required by law in a particular case.

Section 2.05 Organization. At every meeting of the shareholders, the Chair of the Board, or in his or her absence, the President, or in their absence, a person chosen by the shareholders, shall act as chair of the meeting; and the Secretary, or in his or her absence, a person appointed by the chair of the meeting, shall act as secretary of the meeting.

Section 2.06 Quorum. Shareholders may take action on a matter at a meeting only if a quorum exists with respect to that matter. Except as otherwise provided by law, a majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. Once a share is represented for any purpose at a meeting (other than solely to object to the holding of the meeting), it is deemed present for quorum purposes for the remainder of the meeting and the shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of sufficient shareholders to leave less than a quorum. The holders of a majority of the outstanding shares represented at a meeting, whether or not a quorum is present, may adjourn the meeting from time to time.

Section 2.07 Voting. Except as otherwise provided herein or in the Articles of Incorporation of the Corporation, every shareholder shall have the right at every meeting of shareholders to one vote for every share standing in the name of such shareholder on the books of the Corporation which is entitled to vote at such meeting. Except as otherwise specified herein or in the Articles of Incorporation or provided by law, whenever any corporate action is to be taken by vote of shareholders, it shall be authorized by a majority of the votes cast, in person or by proxy, at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon.

Section 2.08 Consent in Lieu of Meetings. Any action required to be taken or which may be taken at any meeting of shareholders, whether annual or special, may be taken without a meeting, without prior notice, and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote were present and voted. Prompt notice of the taking of corporate action by less than unanimous written consent shall be given to those shareholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting. The action must be evidenced by one or more written consents, describing the action taken, signed and dated by the shareholders entitled to take action without a meeting, and delivered to the Corporation at its registered office or to the officer having charge of the Corporation's minute book.

Section 2.09 Record Date. The Board of Directors may fix any time whatsoever prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or will go into effect, or for any other purpose, as a record date for the determination of the shareholders entitled to notice of, or to vote at any such meeting, or entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares, except that in the case of a meeting of shareholders (other than an adjourned meeting) such record date may not be more than 90 days prior to the date of the meeting of shareholders.

ARTICLE 3

DIRECTORS

Section 3.01 Management by Board of Directors. The business and affairs of the Corporation shall be managed by its Board of Directors. The Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 3.02 Number. The Board of Directors of the Corporation shall consist of one or more members, as shall be designated from time to time by resolution of the Board of Directors. The directors of the Corporation shall be elected at each annual meeting of the shareholders to hold office until the next year's annual meeting of the shareholders. Each director shall serve until his or her successor is elected and qualified or until his or her earlier death, resignation or removal.

Section 3.03 Removal; Resignations. Any or all of the directors may be removed by the affirmative vote of holders of not less than a majority of the Common Stock then issued and outstanding and voting as a single class, and any of the directors may be removed by action of the Board of Directors. Any director may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. The resignation shall be effective upon receipt thereof or at such subsequent time as may be specified in the notice of resignation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.04 Regular Meetings. Regular meetings of the Board of Directors shall be held on such day and at such hour as the Board shall from time to time designate. Notice of regular meetings of the Board of Directors need not be given.

Section 3.05 Special Meetings. Special meetings of the Board of Directors may be called by the Chair of the Board, by the President or by two or more of the directors, and shall be held at such time and place as shall be designated in the call for the meeting. Notice of each special meeting shall be given by or at the direction of the person or persons authorized to call such meeting to each director at least one day prior to the day named for the meeting.

Section 3.06 Quorum. A majority of the total number of directors shall constitute a quorum for transaction of business. The act of a majority of directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as provided by law, the Articles of Incorporation, or these Bylaws.

Section 3.07 Consent in Lieu of Meetings. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, such writing or writings to be filed with the minutes or proceedings of the Board or committee.

Section 3.08 Organization. Every meeting of the Board of Directors shall be presided over by the Chair of the Board, if present, and, if not, the President, or in the absence of the Chair of the Board and the President, a chair of the meeting chosen by a majority of the directors present. The Secretary, or in his or her absence, a person appointed by the chair of the meeting, shall act as secretary of the meeting.

Section 3.09 Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and exercise the authority of the Board of Directors in the management of the business and affairs of the Corporation. Vacancies in the membership of any committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Each Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

Section 3.10 Vacancies. Newly created directorships resulting from an increase in the number of directors and vacancies occurring on the Board of Directors for any reason may be filled by vote the Board of Directors or by the shareholders. A director elected to fill a vacancy, unless elected by the shareholders, shall hold office until the next meeting of shareholders at which the election of directors is in the regular order of business, and until his or her successor has been elected and qualified, and any director elected by the shareholders to fill a vacancy shall hold office for the unexpired term of his or her predecessor unless, in either case, he or she shall sooner die, resign or be removed.

ARTICLE 4

OFFICERS

Section 4.01 Number. The officers of the Corporation shall be a President, a Secretary and a Treasurer, and may include one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as the Board of Directors may authorize from time to time.

Section 4.02 Qualifications. The President, Secretary and Treasurer shall be natural persons of full age.

Section 4.03 Election and Term of Office. The officers of the Corporation shall be elected or appointed by the Board of Directors and each shall serve at the pleasure of the Board.

Section 4.04 Resignations. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. The resignation shall be effective upon receipt thereof or at such subsequent time as may be specified in the notice of resignation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05 Chair of the Board. If there is a Chair of the Board, the Chair of the Board shall preside at the meetings of the Board of Directors and at meetings of shareholders. Such Chair of the Board shall also perform such other duties as may be specified by the Board of Directors from time to time and as do not conflict with the duties of the President.

Section 4.06 The President. Except as otherwise expressly directed by the Board of Directors, the President shall be the chief executive officer and shall have general supervision of all of the departments and business of the Corporation; he or she shall prescribe the duties of the other officers and employees and see to the proper performance thereof. The President shall be responsible for having all orders and resolutions of the Board of Directors carried into effect. As authorized by the Board of Directors, he or she shall execute on behalf of the Corporation and may affix or cause to be affixed a seal to all instruments requiring such execution, except to the extent that signing and execution thereof shall have been expressly delegated to some other officer or agent of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

Section 4.07 The Vice Presidents. The Vice Presidents shall perform such duties and do such acts as may be prescribed by the Board of Directors or the President. Subject to the provisions of this Section, the Vice Presidents shall perform the duties and have the powers of the President in the event of his or her absence or disability.

Section 4.08 The Secretary. The Secretary shall act under the direction of the President. Unless a designation to the contrary is made at a meeting, the Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all of the proceedings of such meetings, and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the President or the Board of Directors. If one is obtained, the Secretary shall keep in safe custody the seal of the Corporation, and, when authorized by the President or the Board of Directors, cause it to be affixed to any instruments requiring it.

Section 4.09 Assistant Secretaries. In the absence or disability of the Secretary or when so directed by the Secretary, any Assistant Secretary may perform all the duties of the Secretary, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. The Assistant Secretaries shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the President, or the Secretary.

Section 4.10 The Treasurer. The Treasurer shall be the chief financial officer and shall act under the direction of the President. Subject to the direction of the President, he or she shall have custody or control of the Corporation funds and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit or cause to be deposited all moneys in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the President, taking appropriate vouchers for such disbursements, and shall on request render to the President and the Board of Directors, at its meetings, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation.

Section 4.11 Assistant Treasurers. In the absence or disability of the Treasurer or when so directed by the Treasurer, any Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the President, or the Treasurer.

ARTICLE 5

PERSONAL LIABILITIES OF DIRECTORS AND INDEMNIFICATION

Section 5.01 Personal Liabilities of Directors. A director of this Corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless: (a) the director has breached or failed to perform the duties of his or her office under Chapter 17, Subchapter B of the BCL; and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. This Section shall not limit a director's liability for monetary damages to the extent prohibited by Section 1713(b) of the BCL.

Section 5.02 Indemnification. The Corporation shall indemnify any person who was or is a party to or witness in, or is threatened to be made a party to or a witness in, any threatened, pending or completed action, suit or proceeding, including actions by or in the right of the Corporation, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving while a director or officer of the Corporation at the request of the Corporation as a director, officer,

employee, agent, fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted self-dealing, willful misconduct or recklessness, subject to any limitations prescribed by state or federal law, rule or regulation or interpretations thereof.

Section 5.03 Advancement of Expenses. Expenses incurred by an officer or director of the Corporation in connection with participating in a civil or criminal action, suit or proceeding as described in Section 5.02 shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Corporation, subject to any limitations prescribed by state or federal law, rule or regulation or interpretations thereof.

Section 5.04 Other Rights. The indemnification and advancement of expenses provided by or pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Corporation's Articles of Incorporation, any insurance or other agreement, vote of shareholders or directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 5.05 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of these Bylaws.

Section 5.06 Modification. The duties of the Corporation to indemnify and to advance expenses to a director or officer provided in this Article shall be in the nature of a contract between the Corporation and each such director or officer, and no amendment or repeal of any provision of this Article shall alter, to the detriment of such director or officer, the right of such person to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

Section 5.07 Exception. Notwithstanding anything in this Article 5 to the contrary, the Corporation shall not be obligated to indemnify any person under Section 5.02 or advance expenses under Section 5.03 with respect to an action, suit or proceeding commenced by such person, other than mandatory counterclaims, affirmative defenses or to enforce the right to indemnification under Section 5.02 or advancement of expenses under Section 5.03.

ARTICLE 6

SHARE CERTIFICATES; TRANSFER

Section 6.01 Share Certificates. Shares of stock in the Corporation shall be uncertificated and shall not initially be represented by certificates, except to the extent as may be required by applicable law, as requested by a shareholder or as may otherwise be authorized by the Board of Directors. In the event shares of stock are represented by certificates, such share certificates shall be in the form prescribed by the Board of Directors and shall be signed by the President or a Vice President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer of the Corporation, but such signatures may be facsimiles, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation, or otherwise, before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue.

Section 6.02 Transfer of Shares. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, the Corporation shall maintain books in which the ownership and transfer of the Corporation's shares shall be definitively registered. Transfer of share certificates and the shares represented thereby shall be made only on the books of the Corporation by the owner thereof or by the owner's attorney thereunto authorized, by a power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender of the share certificates.

Section 6.03 Lost, Destroyed and Mutilated Certificates. The Board of Directors, by standing resolution or by resolutions with respect to particular cases, may authorize the issue of new share certificates in lieu of share certificates lost, destroyed or mutilated, upon such terms and conditions as the Board may direct.

Section 6.04 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

ARTICLE 7

MISCELLANEOUS

Section 7.01 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.

Section 7.02 Corporate Seal. If one is obtained, the corporate seal of the Corporation shall have inscribed thereon the name of the Corporation, the year of its organization, the words "Corporate Seal", and the name of the State of Incorporation. The seal may be used by any person authorized by the Board of Directors of the Corporation or by these Bylaws by causing the seal or a facsimile thereof to be impressed or affixed, or in any manner reproduced.

Section 7.03 Execution of Documents. Except as otherwise required by law, the Articles of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine.

Section 7.03 Notice. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof through the United States mail, or by email or other electronic communication, or facsimile, charges prepaid, to his or her address appearing in the books of the Corporation, or supplied by him or her to the Corporation for the purpose of notice. If the notice is sent by mail it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail. If the notice is sent by facsimile, e-mail or other electronic communication, it shall be deemed to have been given when sent at the date and time shown on the written transmission of such communication. If such notice is related to a meeting, the notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting of shareholders, the purpose of and general nature of the business to be transacted at such special meeting.

Section 7.04 Waiver of Notice. Whenever any written notice is required by law, or by the Articles of Incorporation or by these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Except in the case of a special meeting of shareholders, neither the business to be conducted at nor the purpose of the meeting need be specified in the waiver of notice of the meeting. Attendance of a person either in person or by proxy, at any meeting, shall constitute a waiver of notice of such meeting, except where a person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully convened or called.

ARTICLE 8

AMENDMENTS

Section 8.01 Amendments. Except as otherwise provided by the BCL, these Bylaws may be altered, amended or repealed by the affirmative vote of the holders of at least a majority of the outstanding shares of common stock at any regular or special meeting duly convened after notice to the shareholders of that purpose, or by a majority vote of the members of the Board of Directors at any regular or special meeting thereof duly convened after notice to the directors of that purpose.

Exhibit C
Post-Closing Governance Matters

1. Parent Board Size. Prior to the Effective Time, Parent shall take all necessary action to increase the size of the Parent Board such that, at the Effective Time, the Parent Board shall be composed of fifteen (15) directors.

2. Parent Board Composition. All ten (10) of the directors on the Parent Board as of immediately prior to the Effective Time (the "Parent Designees") shall continue as directors as of the Effective Time, subject to their ability and willingness to serve. The Company shall designate five (5) of the directors of the Company who are directors of the Company on the date hereof (the "Company Designees") and, following reasonable consultation with Parent with respect to the selection of such directors, and subject to compliance by such directors with (i) the Parent Organizational Documents, (ii) Parent's Corporate Governance Guidelines, (iii) Parent's typical procedures with respect to new directors (including completion of Parent's director questionnaire) and (iv) other than with respect to the Executive Vice Chair, the independence requirements of the NYSE listing standards, such individuals shall be added as directors to the Parent Board as of the Effective Time, subject to such individual's ability and willingness to serve. One (1) of the Company Designees shall be the CEO of the Company as of immediately prior to the Effective Time (the "Company CEO"). If any Company Designee is unable or unwilling to serve as a director of Parent as of the Effective Time, the Company shall designate a replacement, following reasonable consultation with Parent, which replacement shall be deemed a Company Designee for all purposes of the Agreement.

3. Parent Board Committees. As of the Effective Time, the standing committees of the Parent Board shall consist of Parent's existing committees. The allocation of the Parent Designees and the Company Designees on the committees of the Parent Board shall be approximately proportional in the aggregate to the representation of the Parent Designees and the Company Designees on the Parent Board.

4. Parent Board Chair. The chair of the Parent Board as of immediately prior to the Effective Time (the "Parent Board Chair") shall continue in such position as of the Effective Time. If the individual designated as the Parent Board Chair is unable or unwilling to serve in such position as of the Effective Time, the Parent Board shall designate a replacement from among the Parent Designees.

5. Executive Vice Chair. For a period of two (2) years after the Effective Time, the Company CEO shall serve as Executive Vice Chair of the Parent ("Executive Vice Chair"). The Executive Vice Chair shall have such roles and responsibilities as described below.

    a. *Parent Board Responsibilities*

        i. The Executive Vice Chair shall support the Parent Board Chair in leading the Parent Board and maintaining effective governance.

        ii. The Executive Vice Chair shall preside over meetings in the Parent Board Chair's absence. In the Executive Vice Chair's absence, such other director as the Parent Board may determine shall preside over meetings.

iii. The Executive Vice Chair shall serve on the executive committee of the Parent Board, should one be created.

iv. The Executive Vice Chair may provide input to the Parent Board Chair and the Parent President and CEO (the "Parent CEO") on the formulation of the Parent Board agenda.

v. The Executive Vice Chair may advise the Parent CEO as to the quality, quantity and timeliness of the information sent to the Parent Board by management.

vi. The Executive Vice Chair may assist in proposing to the Nominating/Corporate Governance Committee potential Parent Board candidates and mentoring future Parent Board leaders.

b. *Strategic Oversight*

i. The Executive Vice Chair shall provide input on long-term planning, including infrastructure upgrades, water resource management, mergers and acquisitions and sustainability initiatives.

ii. The Executive Vice Chair shall assist in monitoring performance metrics such as service reliability, water quality, customer satisfaction, rate strategy and financial health.

c. *Limited Operating Responsibilities*

i. The Executive Vice Chair and the Parent CEO shall work collaboratively to achieve integration of Parent's and the Company's board members, management teams and operating units.

ii. The Executive Vice Chair shall consult with the Parent CEO on regulatory and legislative matters and shall engage with regulators and legislators with approval of the Parent CEO.

iii. The Executive Vice Chair shall act as executive sponsor and shall oversee the Integration Task Force.

d. *Reporting and Role*

i. The Executive Vice Chair shall report to the Parent Board.

ii. In general, the Executive Vice Chair primarily would interface with: (i) the Parent Board with respect to matters included in Section 5(a) of this Exhibit C and (ii) the Parent CEO with respect to matters included in Sections 5(b) and 5(c) of this Exhibit C.

iii. It is intended that the Executive Vice Chair shall continue to serve as a director of the Parent Board after the initial two-year Executive Vice Chair assignment is completed. This is subject to the Parent Board governance and election process.

6. Integration Task Force. As of the Effective Time, Parent shall establish an Integration Task Force, which shall be comprised of a group of managers with equal representations from both Parties. The Integration Task Force shall evaluate and recommend the "best-in- breed" individuals, other than as described in the Agreement and organizational structures for Parent post-closing. The Integration Task Force shall operate for one (1) year after Closing, at which time it shall be dissolved, and all future decisions on management and organization shall be under the responsibility of the Parent CEO and his management team, with the exception of Named Executive Officers, which would continue to be recommended by the Parent CEO and approved by the Parent Board.

Exhibit D
Post-Closing Executive Officer Matters

Parent shall take all necessary action such that, as of the Effective Time, (i) Colleen Arnold shall hold a senior executive-level position with Parent as President, Regulated Operations, and (ii) Daniel Schuller shall hold a senior executive-level position with Parent as Executive Vice President and Chief Strategy Officer (each individual, an "Officer Designee"), in each case subject to compliance by such Officer Designee with Parent's typical procedures with respect to new senior executives and subject to such Officer Designee's ability and willingness to serve.

American Water and Essential Utilities to Merge as a Leading Regulated U.S. Water and Wastewater Utility

Combined Company Will Serve 4.7 Million Water and Wastewater Connections Across 17 States; Combined Water and Wastewater Rate Base of Approximately $29.3 Billion

Increases Scale, Geographic Diversity and Customer-Centric Capabilities to Deliver Best-in-Class Service to Existing and Future Customers

Merger Expected to be Accretive to American Water's EPS in the First Year Following the Close of Transaction

American Water Expects to Maintain 7-9% Long-term EPS and DPS Growth Targets

Combined Operations to Provide Greater Long-Term Growth Opportunities for Employees

Companies to Host Joint Conference Call Today at 8:30 a.m. ET

CAMDEN, N.J. and BRYN MAWR, Pa. – **Oct. 27, 2025** – American Water Works Company, Inc. (NYSE: AWK) ("American Water") and Essential Utilities, Inc. (NYSE: WTRG) ("Essential") today announced that each company's board of directors has unanimously approved a definitive agreement to combine in an all-stock, tax-free merger as a leading regulated U.S. water and wastewater public utility with a pro forma market capitalization of approximately $40 billion and a combined enterprise value of approximately $63 billion, based on closing stock prices as of October 24, 2025.

American Water President and Chief Executive Officer, John C. Griffith said, "This combination brings together two industry leaders united by our shared mission to provide safe, clean, reliable and affordable water and wastewater services to our customers. By joining forces with Essential, the combined company's enhanced scale and operational efficiency will support continued investment in our critical infrastructure, enabling us to continue providing superior customer service at affordable rates. We look forward to bringing together the talented teams of both companies to help solve the many water and wastewater challenges across the country and expand our customer base."

Essential Chairman and Chief Executive Officer, Christopher H. Franklin said, "Throughout Essential's nearly 140-year history, we have consistently led with purpose to shape a future rooted in sustainability, innovation, resilience and best-in-class service for our customers. We are confident that the combined company will build upon our longstanding track record of delivering safe and reliable services and be better positioned to solve today's challenges while creating a sustainable future. Together, we will have expertise, financial strength and regulatory credibility to continuously improve our infrastructure and meet the evolving needs of our customers. American Water and Essential will continue to enable our communities to thrive."

Under the terms of the agreement, Essential shareholders will receive 0.305 shares of American Water for each share of Essential they own at the closing of the transaction. This exchange ratio implies a premium of approximately 10% to Essential shareholders based on the average of the daily volume weighted average price of each company's common stock over the 60-trading-day period ending October 24, 2025. Upon completion of the merger, American Water shareholders will own approximately 69% and Essential shareholders will own approximately 31% of the combined company on a fully diluted basis.

Combination Provides Expansive Benefits to Key Stakeholders

- **Advances shared mission of delivering essential utility services.** Providing safe, clean, reliable and affordable water and wastewater services will be of the utmost importance to the combined company. Management will continue to work closely with the EPA and federal, state and local officials to deliver the quality of water that customers have come to expect from American Water and Essential, while also adhering to safety and sustainability best practices.
- **Delivers attractive, long-term capital investment profile with ability to provide increased solutions to water and wastewater challenges across an expanded footprint.** American Water expects to maintain its long-term rate base growth target of 8-9% upon the closing of the merger, positioning the company to continue to provide high quality service to customers. The combined company will continue to allocate capital to infrastructure renewal, resiliency, water quality, technology and growth projects.
- **Upholds commitments to employees and provides greater long-term opportunities.** The combined company unites two highly skilled and experienced teams in the regulated utility space, with a greater ability to attract, develop and retain employees and create long-term opportunities for career growth. The combined company does not anticipate material changes to employee compensation or benefits as a result of the transaction. Both companies value their union partnerships, and all union contracts will continue to be honored in accordance with their current terms.
- **Strengthens commitment to communities, including water affordability.** The combined company will remain an active member in the communities it serves, supporting customers and stakeholders with a dedicated workforce and passionate employee base. American Water and Essential each have a strong history of charitable giving, which will remain central to the combined organization. There will be no change in customer rates as a result of the merger, and American Water and Essential will be better able to maintain an average customer water bill that is affordable, supporting the economic prosperity of the more than 2,000 communities in which the combined company will operate.

Transformative Merger Driven by Compelling Strategic, Customer and Financial Rationale

- **Bolsters significant regulated water and wastewater utility providers.** The combined company would have a water and wastewater rate base of approximately $29.3 billion[1] as of the end of 2024, with approximately 4.7 million water/wastewater connections across 17 states and on 18 military installations. With a larger footprint and customer base as well as increased geographic diversity, the combined company will be well positioned to deliver operational leverage, better customer service and broader customer reach.

[1] Excludes gas rate base of $4.2bn and includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.

- **Supports long-term EPS and DPS growth of 7-9% for combined company.** The transaction is expected to be accretive to American Water's earnings per share in the first year following close, and the combined company expects to maintain American Water's 7-9% earnings per share and dividend growth targets post close. Subject to market conditions and board approval, the parties expect the combined company to adopt American Water's current dividend policy and payout target range. Both companies expect to maintain their existing dividend policies until the transaction is completed.
- **Creates a more resilient utility with improved credit quality and a strong balance sheet.** The credit profile and metrics of the combined company are expected to remain strong, benefiting from diversified service territories and regulatory exposure, and a broader customer and revenue base. As a large-cap, regulated utility, the combined company will continue to have ready access to the equity capital markets. There is no debt issuance related to the transaction.
- **Includes an industry leading natural gas (LDC) utility that provides optionality to the combined company.** Peoples Natural Gas is growing its rate base at a rate that exceeds 10% annually. In the five years since Essential has owned the company, it has doubled its rate base and substantially improved its risk profile. The Peoples regulated subsidiaries provided natural gas services to approximately 705,000 customers in western Pennsylvania and an additional approximately 41,000 in Kentucky as of the end of 2024.

Leadership, Board of Directors, Headquarters, Combined Company Name

Upon closing of the transaction, Mr. Griffith will serve as President and Chief Executive Officer of the combined company, and Mr. Franklin will serve as Executive Vice Chair of the board of directors of the combined company. Mr. Franklin will also serve as executive sponsor of the integration task force. David Bowler, American Water Executive Vice President and CFO, will serve as Executive Vice President and Chief Financial Officer, and all existing executive team members of American Water who report to the CEO will continue to do so post-close. Additionally, Daniel Schuller, Essential Executive Vice President and CFO, will serve as Executive Vice President and Chief Strategy Officer; Colleen Arnold, President of Essential Aqua Water, will serve as President, Regulated Operations; and Michael Huwar, President of Peoples Natural Gas, will remain President and continue to lead the natural gas business.

The combined company's 15-member board of directors will include the 10 directors serving on American Water's board of directors prior to the closing of the transaction, including Mr. Griffith, and five directors designated by Essential, including Mr. Franklin. Karl Kurz, independent Chair of the American Water board of directors, will continue to serve in such role after the closing of the transaction.

The combined company will be headquartered in Camden, New Jersey and Essential's Bryn Mawr and Pittsburgh offices will each continue to maintain a strong operational presence long term. The combined company will continue to use the name "American Water."

Non-Water and Non-Wastewater Businesses

Upon closing of the transaction, American Water plans to conduct a review of strategic alternatives for its non-water and non-wastewater businesses. No assurance can be given that any transaction or other strategic outcomes would result from the review.

Timing to Close and Approvals

The transaction is expected to close by the end of the first quarter of 2027, subject to customary closing conditions, including, among others, approval from each company's shareholders, clearance under the Hart-Scott-Rodino Act, and regulatory approvals, including approval from the applicable public utility commissions.

Advisors

BofA Securities is serving as exclusive financial advisor to American Water, and Skadden, Arps, Slate, Meagher & Flom LLP is serving as legal advisor.

Moelis & Company LLC is serving as exclusive financial advisor to Essential, and Gibson, Dunn & Crutcher LLP is serving as legal advisor.

Joele Frank, Wilkinson Brimmer Katcher is serving as strategic communications advisor for both companies.

Conference Call Information

American Water and Essential will hold a joint conference call and audio webcast today at 8:30 a.m. ET to discuss the transaction.

To access the listen-only webcast and view presentation slides, please register at https://event.choruscall.com/mediaframe/webcast.html?webcastid=1LoK8iWf. At the conclusion of the call, a replay of the broadcast will be available at this link and at American Water's and Essential's investor relations websites for up to one year.

The live broadcast and associated presentation materials will also be available on the investor relations section of each company's website at ir.amwater.com and essential.co/investor-relations, as well as at www.AmericanWaterEssentialUtilitiesMerger.com, a new joint website dedicated to the merger.

American Water and Essential Third Quarter 2025 Earnings Results

American Water expects to release its financial results for the third quarter of 2025 after the market closes on October 29, 2025. Presentation slides and accompanying remarks reviewing third quarter results, 2026 earnings guidance, and long-term financial targets will be posted to American Water's investor relations website after-market on October 29, 2025.

Essential expects to release its financial results for the third quarter of 2025 following the market close on November 4, 2025. Essential will post webcast remarks and associated materials on November 5, 2025 at 9 a.m. ET.

In light of the transaction announcement, both companies will not host earnings calls or associated question and answer sessions this quarter. Both companies expect to resume their typical earnings conference calls in 2026.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

About Essential

Essential Utilities, Inc. (NYSE: WTRG) delivers safe, clean, reliable services that improve quality of life for individuals, families, and entire communities. With a focus on water, wastewater and natural gas, Essential is committed to sustainable growth, operational excellence, a superior customer experience, and premier employer status. We are advocates for the communities we serve and are dedicated stewards of natural lands, protecting thousands of acres of forests and other habitats throughout our footprint.

Operating as the Aqua and Peoples brands, Essential serves approximately 5.5 million people across nine states. Essential is one of the most significant publicly traded water, wastewater service and natural gas providers in the U.S. Learn more at www.essential.co.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included in this communication are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: statements about the benefits of the proposed merger, including future financial and operating results; the parties' respective plans, objectives, expectations and intentions; the expected timing and likelihood of completion of the merger and related transactions; the results of any strategic review; expected synergies of the proposed merger; the timing and result of various regulatory proceedings related to the proposed merger, and other general rate cases, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the combined company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the amount, allocation and timing of projected capital expenditures and related funding requirements; the future impacts of increased or increasing transaction and financing costs associated with the proposed merger or otherwise, as well as inflation and interest rates; each party's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing

the debt and equity capital markets and sources of short-term liquidity; impacts of the proposed merger on the future settlement or settlements of a party's forward sale agreements, including potential adjustments to the forward sale price or other economic terms thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on other governmental and regulatory investigations; the filing of class action lawsuits and other litigation and legal proceedings related to the proposed merger; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; each party's ability to comply with new and changing environmental regulations; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on each such party and on its business, results of operations, cash flows and liquidity.

These forward-looking statements are predictions based on currently available information, the parties' current respective expectations and assumptions regarding future events that American Water Works Company, Inc. ("American Water") and Essential Utilities, Inc. ("Essential Utilities") believe to be reasonable. They are not, however, guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. You should not regard any forward-looking statement as a representation or warranty by American Water, Essential Utilities or any other person that the expectation, plan or objective expressed in such forward-looking statement will be successfully achieved in any specified time frame, or at all. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this communication as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025 (available at: ir.amwater.com), Essential Utilities' Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 27, 2025 (available at: essential.co), and each party's other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) the ability to timely or at all obtain the requisite shareholder approvals with respect to each party; (3) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (4) an event, change or other circumstance that could give rise to the termination of the merger agreement; (5) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (6) a delay in the timing to consummate the proposed merger; (7) the failure to integrate the parties' businesses successfully; (8) the failure to fully realize cost savings and any other synergies from the proposed merger or that such benefits may take longer to realize than expected; (9) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential Utilities' common stock; (10) the risk of litigation related to the proposed merger; (11) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (12) the diversion of each party's management's time and attention from operations of such party; (13) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (14) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operation and maintenance costs; (15) changes in environmental laws and regulations regarding each party's respective operations

that may adversely impact such party's businesses or increase the cost of operations; (16) changes in each party's key management and personnel; (17) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (18) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (19) other economic, business and other factors, including inflation and interest rate fluctuations. The foregoing factors should not be construed as exhaustive.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's and Essential Utilities' respective annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this communication is first used or given. Neither American Water nor Essential Utilities has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential Utilities to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential Utilities' businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Important Additional Information about the Proposed Merger and Where to Find It

In connection with the proposed merger, American Water will file a registration statement on Form S-4, which will include a document that serves as a prospectus of American Water with respect to the shares of American Water's common stock to be issued in the proposed merger and a joint proxy statement of American Water and Essential Utilities for their respective shareholders (the "joint proxy statement/prospectus"), and each party will file other documents regarding the proposed merger with the SEC. This communication is not a substitute for the registration statement, the joint proxy statement/prospectus or any other document that American Water or Essential Utilities may file with the SEC or mail to their respective shareholders in connection with the proposed merger. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF EACH PARTY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS OR SUPPLEMENTS THERETO AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION**. A definitive joint proxy statement/prospectus will be sent to American Water's and Essential Utilities' shareholders. Investors and security holders will be able to obtain the registration statement, the joint proxy statement/prospectus and the other documents filed regarding the proposed merger free of charge from the SEC's website or from American Water or Essential Utilities. The documents filed by American Water with the SEC may be obtained free of charge at American Water's investor relations website at ir.amwater.com or at the SEC's website at www.sec.gov. The documents filed by Essential Utilities with the SEC may be obtained free of charge at Essential Utilities website at essential.co or at the SEC's website at www.sec.gov. The information included on, or accessible through, American Water's or Essential Utilities' respective websites is not incorporated by reference into, and does not form a part of, this communication.

Participants in the Solicitation

American Water, Essential Utilities and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from American Water's and Essential Utilities' respective shareholders in connection with the proposed merger. Information about the directors and executive officers of American Water, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in American Water's definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 27, 2025, including under the headings "Compensation Discussion and Analysis," "Director Compensation," "Equity Compensation Plan Information," and "Certain Beneficial Ownership Matters." To the extent holdings of American Water's common stock by the directors and executive officers of American Water have changed or do change from the amounts of American Water's common stock held by such persons as reflected therein, such changes have been or will be reflected on Initial Statements of Beneficial Ownership of Securities on Form 3 ("Form 3"), Statements of Changes in Beneficial Ownership on Form 4 ("Form 4") or Annual Statements of Changes in Beneficial Ownership of Securities on Form 5 ("Form 5"), in each case filed with the SEC. Information about the directors and executive officers of Essential Utilities, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Essential Utilities' definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2025, including under the headings "Director Compensation" and "Compensation Discussion and Analysis." To the extent holdings of Essential Utilities' common stock by the directors and executive officers of Essential Utilities have changed or do change from the amounts of Essential Utilities' common stock held by such persons as reflected therein, such changes have been or will be reflected on Forms 3, Forms 4 or Forms 5, in each case filed with the SEC. Additionally, information regarding the respective directors and executive officers of American Water and Essential Utilities and other participants in each respective proxy solicitation and a description of their direct and indirect interests in the proposed merger, by security holdings or otherwise, will be contained in the registration statement and joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed merger when such materials become available. Investors and security holders should read the registration statement and joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. Investors may obtain free copies of these documents from American Water and Essential Utilities as indicated above.

No Offer or Solicitation

This communication is for informational purposes and is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote for approval, nor shall there be any offer or sale of securities or solicitation of any vote or approval in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

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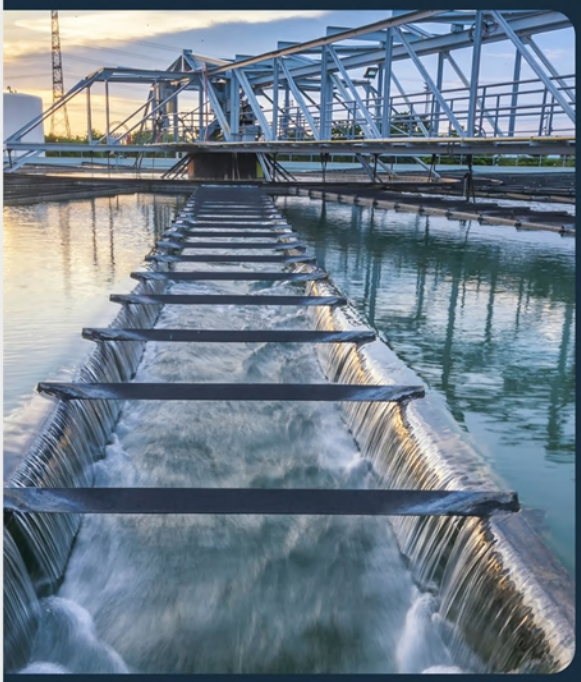
Exhibit 99.2



AMERICAN WATER + Essential UTILITIES

American Water & Essential Utilities Merger

Uniting Two of the Nation's Premier Water Utilities to Deliver Improved Scale and Long-Term Value

OCTOBER 27, 2025

Forward Looking Statements

Cautionary Statement Regarding Forward-Looking Statements

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These forward-looking statements are predictions based on currently available information, the parties' current respective expectations and assumptions regarding future events that American Water Works Company, Inc. ("American Water") and Essential Utilities, Inc. ("Essential Utilities") believe to be reasonable. They are not, however, guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. You should not regard any forward-looking statement as a representation or warranty by American Water, Essential Utilities or any other person that the expectation, plan or objective expressed in such forward-looking statement will be successfully achieved in any specified time frame, or at all. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this communication as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025 (available at: ir.amwater.com), Essential Utilities' Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 27, 2025 (available at: essential.co), and each party's other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) the ability to timely or at all obtain the requisite shareholder approvals with respect to each party; (3) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (4) an event, change or other circumstance that could give rise to the termination of the merger agreement; (5) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (6) a delay in the timing to consummate the proposed merger; (7) the failure to integrate the parties' businesses successfully; (8) the failure to fully realize cost savings and any other synergies from the proposed merger or that such benefits may take longer to realize than expected; (9) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential Utilities' common stock; (10) the risk of litigation related to the proposed merger; (11) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (12) the diversion of each party's management's time and attention from operations of such party; (13) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (14) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operation and maintenance costs; (15) changes in environmental laws and regulations regarding each party's respective operations that may adversely impact such party's businesses or increase the cost of operations; (16) changes in each party's key management and personnel; (17) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (18) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (19) other economic, business and other factors, including inflation and interest rate fluctuations. The foregoing factors should not be construed as exhaustive.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's and Essential Utilities' respective annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this communication is first used or given. Neither American Water nor Essential Utilities has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential Utilities to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential Utilities' businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Important Additional Information about the Proposed Merger and Where to Find It

In connection with the proposed merger, American Water will file a registration statement on Form S-4, which will include a document that serves as a prospectus of American Water with respect to the shares of American Water's common stock to be issued in the proposed merger and a joint proxy statement of American Water and Essential Utilities for their respective shareholders (the "joint proxy statement/prospectus"), and each party will file other documents regarding the proposed merger with the SEC. This communication is not a substitute for the registration statement, the joint proxy statement/prospectus or any other document that American Water or Essential Utilities may file with the SEC or mail to their respective shareholders in connection with the proposed merger. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF EACH PARTY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS OR SUPPLEMENTS THERETO AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT/PROSPECTUS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. A definitive joint proxy statement/prospectus will be sent to American Water's and Essential Utilities' shareholders. Investors and security holders will be able to obtain the registration statement, the joint proxy statement/prospectus and the other documents filed regarding the proposed merger free of charge from the SEC's website or from American Water or Essential Utilities. The documents filed by American Water with the SEC may be obtained free of charge at American Water's investor relations website at ir.amwater.com or at the SEC's website at www.sec.gov. The documents filed by Essential Utilities with the SEC may be obtained free of charge at Essential Utilities website at essential.co or at the SEC's website at www.sec.gov. The information included on, or accessible through, American Water's or Essential Utilities' respective websites is not incorporated by reference into, and does not form a part of, this communication.

Participants in the Solicitation

American Water, Essential Utilities and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from American Water's and Essential Utilities' respective shareholders in connection with the proposed merger. Information about the directors and executive officers of American Water, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in American Water's definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 27, 2025, including under the headings "Compensation Discussion and Analysis," "Director Compensation," "Equity Compensation Plan Information," and "Certain Beneficial Ownership Matters." To the extent holdings of American Water's common stock by the directors and executive officers of American Water have changed or do change from the amounts of American Water's common stock held by such persons as reflected therein, such changes have been or will be reflected on Initial Statements of Beneficial Ownership of Securities on Form 3 ("Form 3"), Statements of Changes in Beneficial Ownership on Form 4 ("Form 4") or Annual Statements of Changes in Beneficial Ownership of Securities on Form 5 ("Form 5"), in each case filed with the SEC. Information about the directors and executive officers of Essential Utilities, including a description of their direct or indirect interests, by security holdings or otherwise, is set forth in Essential Utilities' definitive proxy statement for its 2025 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2025, including under the headings "Director Compensation" and "Compensation Discussion and Analysis." To the extent holdings of Essential Utilities' common stock by the directors and executive officers of Essential Utilities have changed or do change from the amounts of Essential Utilities' common stock held by such persons as reflected therein, such changes have been or will be reflected on Forms 3, Forms 4 or Forms 5, in each case filed with the SEC. Additionally, information regarding the respective directors and executive officers of American Water and Essential Utilities and other participants in each respective proxy solicitation and a description of their direct and indirect interests in the proposed merger, by security holdings or otherwise, will be contained in the registration statement and joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed merger when such materials become available. Investors and security holders should read the registration statement and joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. Investors may obtain free copies of these documents from American Water and Essential Utilities as indicated above.

No Offer or Solicitation

This communication is for informational purposes and is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote for approval, nor shall there be any offer or sale of securities or solicitation of any vote or approval in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

AMERICAN WATER + Essential UTILITIES

Today's Participants

AMERICAN WATER

John Griffith
President & Chief Executive Officer

David Bowler
Executive Vice President & Chief Financial Officer

Cheryl Norton
Executive Vice President & Chief Operating Officer

Essential UTILITIES

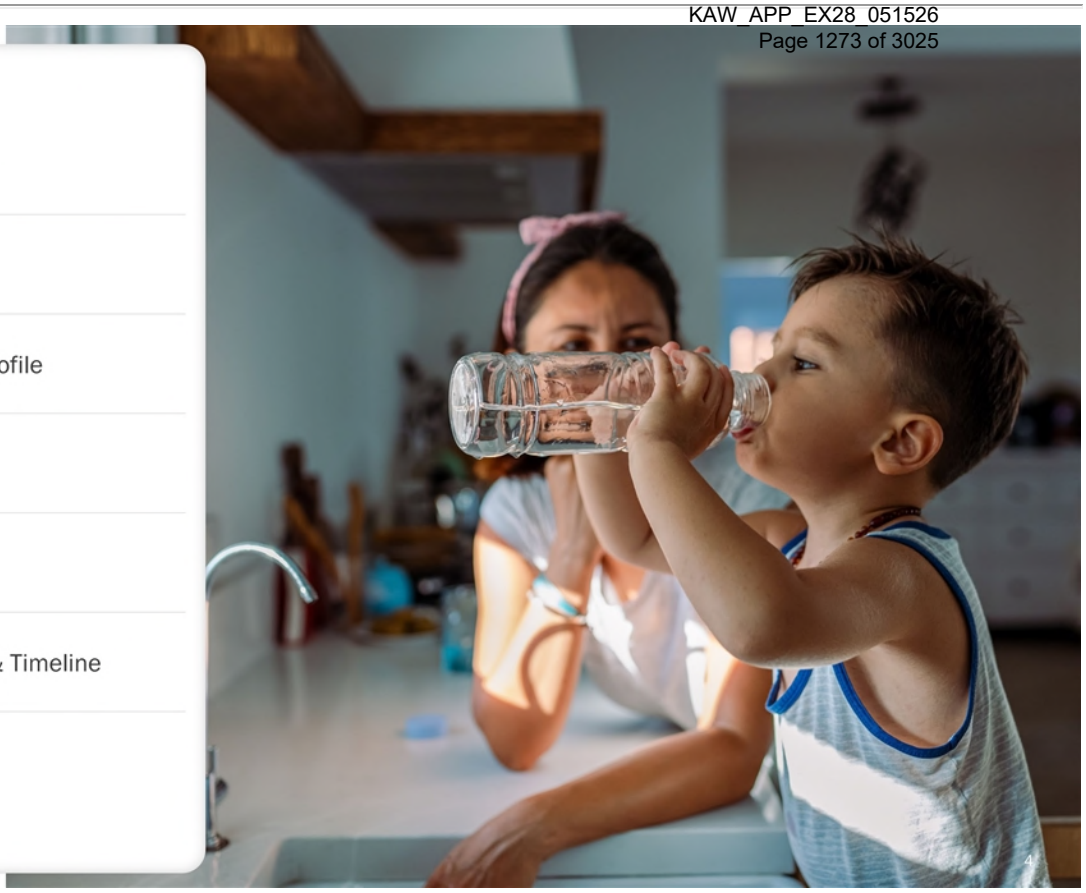
Christopher Franklin
Chairman & Chief Executive Officer

Daniel Schuller
Executive Vice President & Chief Financial Officer

Agenda

- Transaction Overview
- Strategic Rationale
- Combined Business Profile
- Growth Outlook
- Credit Profile
- Regulatory Approvals & Timeline
- Key Takeaways

AMERICAN WATER + Essential UTILITIES

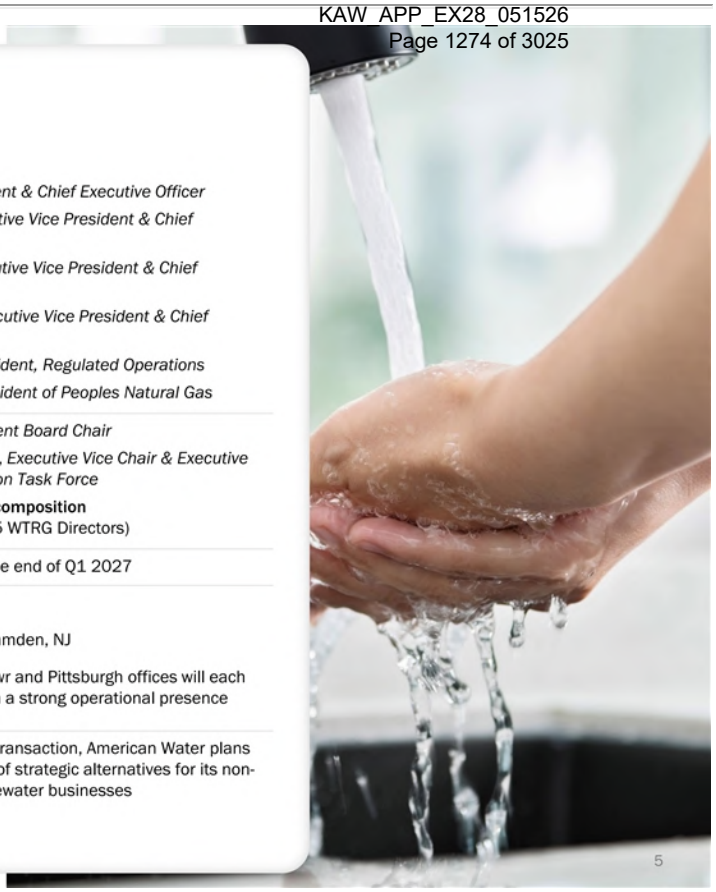


Uniting the Two Leading U.S. Water and Wastewater Utilities

Deal Structure	Tax-Free, All-Stock Merger $40B Market Cap[1] $63B Enterprise Value[1] Fixed Exchange Ratio: 0.305 AWK shares for each WTRG share
Ownership	AWK Shareholders: 69% WTRG Shareholders: 31%
Dividend	Maintaining AWK existing dividend policy
Growth Target	EPS: 7% - 9% DPS: 7% - 9%
Leadership	John Griffith, *President & Chief Executive Officer* David Bowler, *Executive Vice President & Chief Financial Officer* Cheryl Norton, *Executive Vice President & Chief Operating Officer* Daniel Schuller, *Executive Vice President & Chief Strategy Officer* Colleen Arnold, *President, Regulated Operations* Michael Huwar, *President of Peoples Natural Gas*
Board Composition	Karl Kurz, *Independent Board Chair* Christopher Franklin, *Executive Vice Chair & Executive Sponsor of Integration Task Force* **Proportional board composition** (10 AWK Directors, 5 WTRG Directors)
Timing	Targeting close by the end of Q1 2027
Name & Headquarters	American Water Headquartered in Camden, NJ Essential's Bryn Mawr and Pittsburgh offices will each continue to maintain a strong operational presence long term
Strategic Alternatives Review	Upon closing of the transaction, American Water plans to conduct a review of strategic alternatives for its non-water and non-wastewater businesses

AMERICAN WATER + Essential UTILITIES

1. Represents combined equity market capitalization as of 10/24/2025.



Shared Mission of Safely Delivering Reliable and Affordable Utility Services

	American Water	Essential Utilities
U.S. CONNECTIONS	3.5M	1.9M[2]
2024A RATE BASE[1]	$22.1B	$11.5B[3]
WATER & WASTEWATER TREATMENT PLANTS	790	227
EMPLOYEES	6,700	3,300
YEARS OF SERVING AMERICAN FAMILIES	139	139
TRANSMISSION & DISTRIBUTION	54,500 mi.	29,500[4] mi.

AMERICAN WATER
SERVING CUSTOMERS ACROSS **14** REGULATED STATES

ESSENTIAL
SERVING CUSTOMERS ACROSS **9** REGULATED STATES

American Water
Essential (Gas)
Essential (Water & Wastewater)

Note: Does not include Military Services Group ("MSG").

American Water + Essential Utilities

1. Includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.
2. Includes ~1.1M water & wastewater connections and ~0.8M gas connections as of 12/31/2024.
3. Includes $7.3B water & wastewater rate base and $4.2B gas rate base.
4. Includes ~14,500 miles for water & wastewater, and ~15,000 miles for gas.

Combining Two Complementary Platforms to Expand Market Reach and Unlock Efficiencies, Best Practices

Together, the businesses will continue to set the best-in-class standards for water quality, customer experience, and infrastructure replacement and renewal

Best-in-Class Water Quality Provider

- Cements nationwide leadership in water quality best practices, including PFAS and lead remediation, for the benefit of customers
- Scale advantage to address large-scale surface water quality challenges
- Delivering innovative, targeted solutions to address groundwater quality challenges
- Leveraging best practices across industry-leading water quality R&D labs and talent to drive sustainable service enhancements for customers

Premier Partner-of-Choice Water Utility for Municipal Providers

- Solidifies position as a compelling option for communities when considering a sale
- Exciting new geographies with clear paths to organic and business development growth
- Improves long-term customer growth trajectory and long-term customer affordability proposition

Creating a New Top 10 Large-Cap Pure-Play Utility

- Combined equity market cap of $40B[1] ranks among the top 250 in the S&P500
- Superior TSR potential driven by top-quartile EPS growth, robust dividend trajectory, long-term visible CapEx requirements, and broad regionalization opportunities in a fragmented water industry
- Water and wastewater focused, fully regulated utility
- Unique value proposition in terms of customer affordability and sustainability credentials

Reinforce Commitment to Customers and Communities

- Customer-focused company culture, with eye towards technology-driven improvements
- Merges two companies that each have a legacy of volunteerism and generous support of communities, which will remain central to the combined organization
- Deep industry depth in resiliency planning to uphold reliability of customer service

AMERICAN WATER + Essential UTILITIES

1. Represents combined equity market capitalization as of 10/24/2025.

Compelling Long-Term Growth Outlook in Premier Asset Class

AMERICAN WATER

7% - 9%
Long-Term EPS CAGR Target

RATE BASE GROWTH
8% - 9% (includes acquisitions)

REGULATED ACQUISITIONS
2% Customer Additions

MILITARY SERVICES GROUP
Maximize Service Quality

AMERICAN WATER + ESSENTIAL

7% - 9%
Long-Term EPS CAGR Target

RATE BASE GROWTH
8% - 9% (includes acquisitions)

REGULATED ACQUISITIONS
2% Customer Additions

ORGANIC GROWTH
Expansion of customer base in attractive states

MILITARY SERVICES GROUP
Maximize Service Quality

Other Long-Term Targets and Drivers of Sustainable Shareholder Returns

~100% Regulated and Regulated-Like Earnings[1]

7% - 9% Dividend Per Share Growth

55% - 60% Dividend Payout Ratio

<60% Debt to Capital

Customer Affordability +

Sustainability Leadership +

AMERICAN WATER + Essential UTILITIES

1. Regulated-like earnings refers to Military Services Group.

Highly Attractive Footprint with Scale and Scope for Growth

AMERICAN WATER + ESSENTIAL

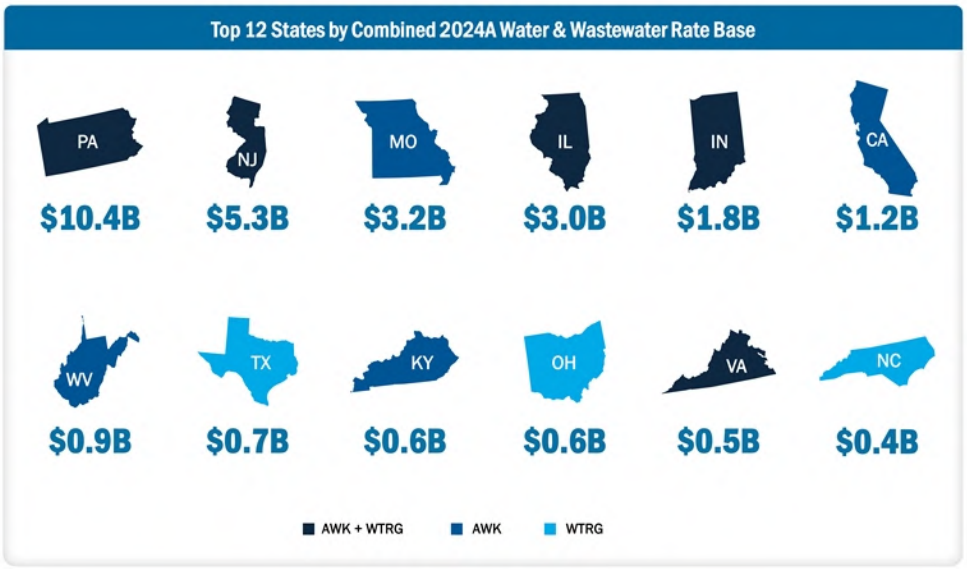
$34B[1]
2024A Rate Base

$41B[2]
2026E Rate Base

$40B[3]
Market Capitalization

5.4M[4]**+**
U.S. Connections

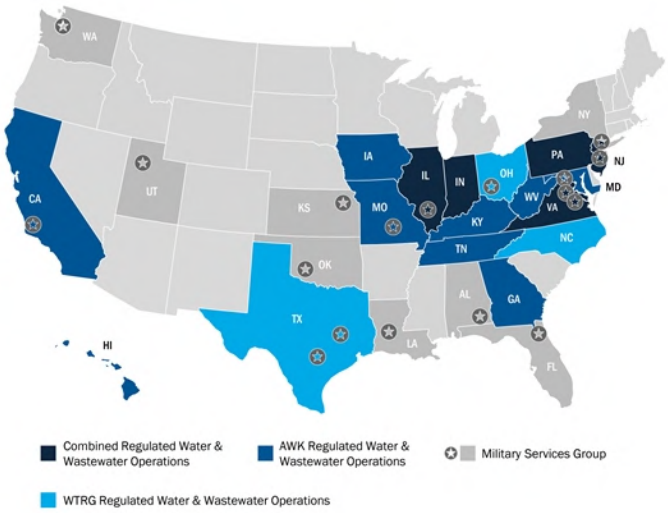
17
Regulated States



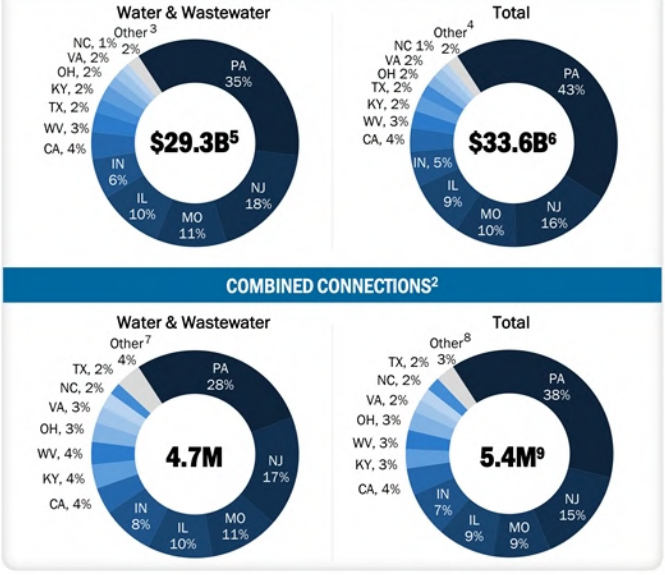
1. Includes gas rate base of $4.2B and Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.
2. Includes gas rate base of $5.2B and ~$378M in regulated growth (BD) and topside.
3. As of 10/24/2025.
4. Includes ~0.8M gas connections in PA and KY as of 12/31/2024.

Diversified Regulated Portfolio Across 17 States

Footprint by State[1]



COMBINED RATE BASE[2]



COMBINED CONNECTIONS[2]

AMERICAN WATER + Essential UTILITIES

Note: Totals may not sum due to rounding.

1. Peoples Natural Gas located in Pennsylvania and Kentucky.
2. As of 12/31/2024.
3. Other includes TN 1.0%, IA 0.9%, HI 0.2%, MD 0.1%.
4. Other includes TN 0.8%, IA 0.8%, HI 0.2%, MD 0.1%.
5. Includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.
6. Gas rate base of $4.2B with 96% in PA and 4% in KY. Includes Net Utility Plant not yet included in rate base, pending rate case filings/outcomes.
7. Other includes TN 1.9%, IA 1.5%, HI 0.2%, MD 0.1%.
8. Other includes TN 1.6%, IA 1.3%, HI 0.2%, MD 0.1%.
9. Includes ~0.8M gas connections with 95% in PA and 5% in KY.

Delivers Expansive Benefits to Key Stakeholders

Continuing superior customer service at affordable rates

- Combined infrastructure and operational efficiencies
- Maintain focus on delivering dependable water and wastewater services
- Commitment to affordable customer rates with strong leverage to manage supply chain costs for customers' benefit

Increased career growth opportunity for employees

- Strengthens position as a top employer of choice; Recognized on the Forbes America's Best Employers for Company Culture 2025 list
- Attracting top talent through reputation and expanded opportunities
- Broader career advancement prospects across the organization

Support communities through unified services

- Sustained investment in philanthropic initiatives
- Expanded presence in overlapping and new service territories
- Coordinated services for local employees to efficiently meet local needs

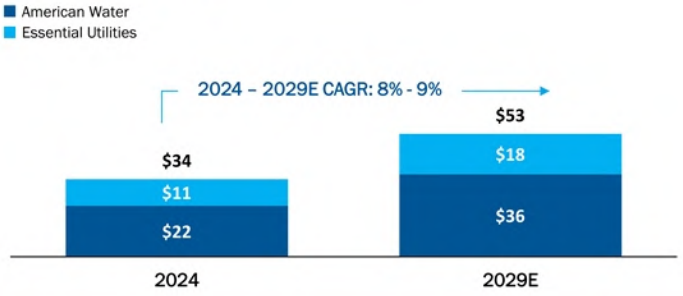
Value creation for shareholders

- Enhanced stake in a larger regulated utility platform
- Access to broader geographic and regulatory exposure
- Participation in long-term value creation

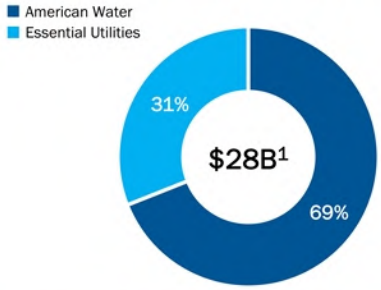
AMERICAN WATER + Essential UTILITIES

Capital Investments to Drive Rate Base Growth

COMBINED RATE BASE



5-YEAR COMBINED CAPITAL INVESTMENT PLAN



- The combined company's enhanced scale will support continued investment in critical infrastructure, enabling the company to continue to provide superior customer service at affordable rates

Focus Areas of Investment

Infrastructure Renewal

Accounts for additional replacement of mains, hydrants, services (lead service lines), meters, and gas pipelines

Water Quality, including PFAS

Treatment plant and system upgrades including lead pipe replacement and PFAS mitigation

Resiliency

Treatment plant hardening for resiliency, including for weather variability

Operational Efficiency, Technological Innovation

Infrastructure advancements to drive streamlined operations and long-term performance improvements

AMERICAN WATER + Essential UTILITIES

Note: Dollars shown in billions.
1. From 2025E – 2029E.

Delivering Top Quartile Total Shareholder Return

Pro Forma EPS and Dividend Outlook

- Transaction EPS accretive in first year after transaction close
- Expect to maintain American Water's 7% - 9% long-term EPS and DPS growth targets
- Expect to adopt American Water's current dividend policy and 55% - 60% payout target, supporting reinvestment in accretive rate base growth

Highly Durable, Low Risk Capital Investment Plan

- Decades of pipe replacement needed in aging water systems
  - March 2025 ASCE Infrastructure Report Card graded U.S. Drinking Water and Wastewater systems as a C– and D+, respectively
- Significant water quality and resiliency investments needed, including PFAS and lead remediation
- Regionalization of extremely fragmented water and wastewater systems in the U.S. offers unique opportunity to grow
- Customer affordability remains a core focus, underpinning growth

TOTAL RETURN COMPARISON VS LARGE CAP REGULATED UTILITY PEERS

AMERICAN WATER + Essential UTILITIES

Note: Dollars shown in billions. Market data of 10/24/2025. Totals may not sum due to rounding.
1. Based on midpoint of management guidance.

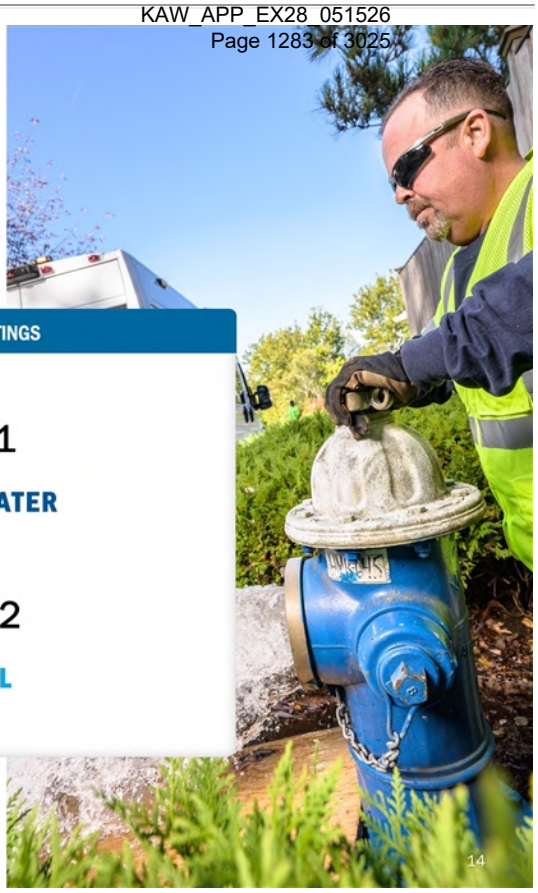
Continuing Commitment to a Strong Balance Sheet & Credit Ratings

The combination creates a stronger, more resilient utility with improved credit quality, balanced capital structure, and stable cash flow to support long-term growth and reliable service

Credit Strength and Benefits

- All-stock transaction; no debt issuance related to the transaction
- Credit profile comfortably within current A/Baa1 ratings bands for S&P and Moody's, respectively
- Regulated, essential water/wastewater asset class combined with robust risk management underpin a strong financial profile and low business risk
- Preserved diversification across service territories:
  - Spreads exposure across distinct regulators while increasing presence in Pennsylvania
  - Broadens customer and revenue base

S&P / MOODY'S RATINGS	
AMERICAN WATER	A / Baa1
ESSENTIAL	A- / Baa2



AMERICAN WATER + Essential UTILITIES

Path to Close

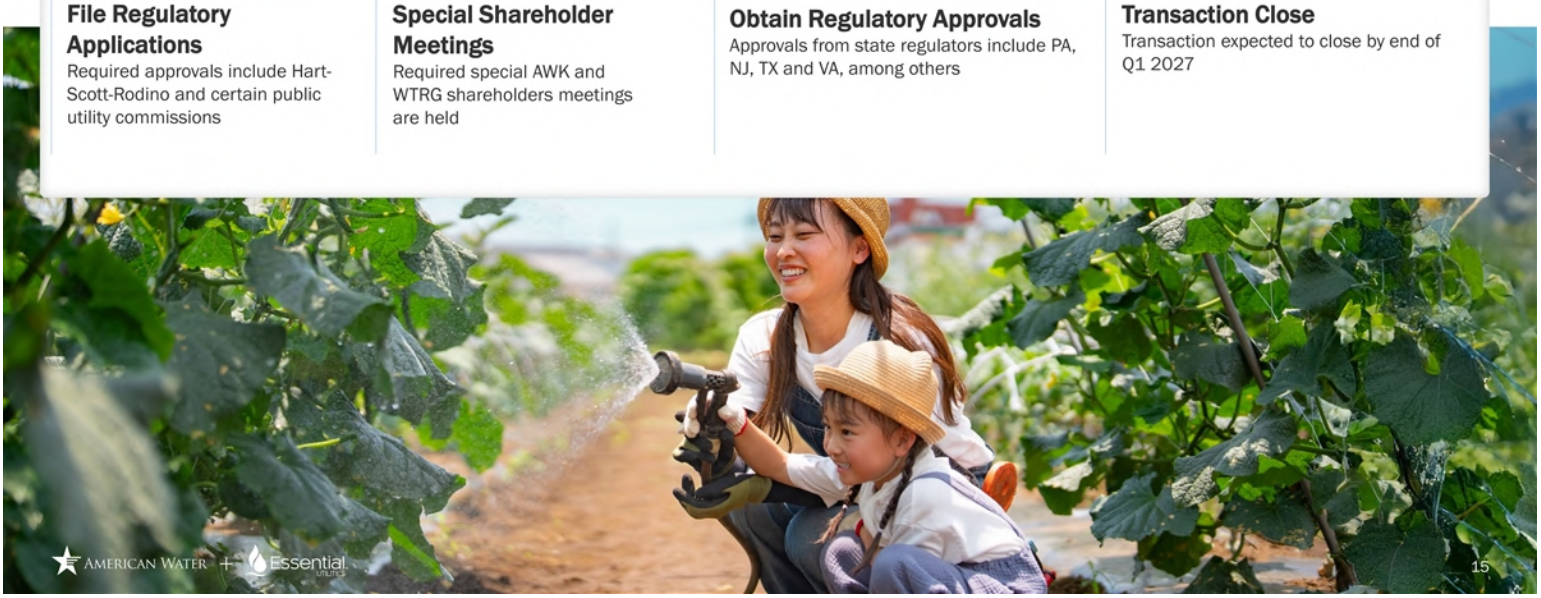
Approvals and Timeline

Q4 2025 – Q1 2026
File Regulatory Applications
Required approvals include Hart-Scott-Rodino and certain public utility commissions

Q1 2026
Special Shareholder Meetings
Required special AWK and WTRG shareholders meetings are held

Q3 2026 – Q1 2027
Obtain Regulatory Approvals
Approvals from state regulators include PA, NJ, TX and VA, among others

Q1 2027
Transaction Close
Transaction expected to close by end of Q1 2027



Key Takeaways

Merger Unlocks Compelling Growth and Value Potential for Both Companies

Results in a Leading U.S. Water & Wastewater Utility

Solidifies position as a premier public water & wastewater utility with an expanded footprint across 17 states and on 18 military installations, 4.7M water & wastewater connections, and increased ability to help solve water & wastewater challenges across the United States

Strengthens Platform for Superior Customer Experience

Leverages operational and financial expertise and efficiencies from complementary platforms to drive high quality, affordable service

Presents Inorganic & Organic Growth Opportunities

Retains American Water's 7% - 9% long-term EPS and dividend per share growth rate targets, driven by both strategic acquisitions and core business expansion

Enhances Financial Strength, Expands Low Risk Foundation

Highly stable and supportive cash flows and strengthened balance sheet form foundation for continued infrastructure investments

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Virginia State Corporation Commission (the "SCC") by Virginia-American Water Company ("Virginia American Water")

On November 3, 2025, Virginia American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of $21.9 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by Virginia American Water from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 1, 2026, with the difference between interim and final approved rates subject to refund to customers.

A copy of the press release issued by Virginia American Water on November 3, 2025 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the SCC of Virginia American Water's request for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the SCC, related to this request; (3) the timing of any implementation of new rates by Virginia American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Virginia American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Virginia American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Virginia American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Virginia American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated November 3, 2025, issued by Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 3, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

VIRGINIA AMERICAN WATER

Virginia American Water Files Rate Request Driven by More Than $115 Million in Investment

Request reinforces company's commitment to providing safe, clean, reliable and affordable water and wastewater service

ALEXANDRIA, Va. (November 3, 2025) – Virginia American Water filed a request today with the Virginia State Corporation Commission (SCC) for new rates, reflecting more than $115 million in water and wastewater system investments. The request reinforces the company's commitment to replacing aging infrastructure and continuing to provide safe, clean, reliable and affordable service in compliance with environmental regulations for the benefit of customers.

"Our commitment to long-term investments in our water and wastewater systems helps ensure we continue to deliver high-quality service across the Commonwealth," said Laura Runkle, President of Virginia American Water. "Our approach underscores our commitment to the health and safety of our customers and the communities we serve."

Among the investments included in the request are updates at water treatment plants, replacement of aging water pipelines, and upgrades to storage tanks, pumping stations, meters and more. The company's last general rate case was filed in November 2023.

In today's filing, Virginia American Water is seeking a total annual revenue increase of approximately $21.9 million. If the company's proposed rates are approved as requested, the monthly water and wastewater bills for the average residential customer using 4,000 gallons per month would each increase by approximately $11 per month.

The new rates proposed in today's filing are a request only. Interim rates, based on the company's proposed increase, are planned to take effect on or about May 1, 2026. Once a final decision has been made by the SCC, the difference between the interim and final approved rates is subject to a refund. Customers will be informed of the approved rates by mail and on the company's website.

Virginia American Water offers bill paying assistance programs that include payment plans, budget billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website.

Press Release

VIRGINIA AMERICAN WATER

The SCC's rate review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings, and consumer advocacy organizations that participate in the proceedings. For more information on the company's rate proposal and to learn how customers may participate in this process, visit the virginiaamwater.com rates information page here.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Virginia American Water
Virginia American Water, a subsidiary of American Water, is the largest regulated water company in the state, providing safe, clean, reliable and affordable water and wastewater services to approximately 384,000 people.

For more information, visit virginiaamwater.com and join Virginia American Water on Facebook, X, and LinkedIn.

AWK-IR

Media Contact:
Marybeth Leongini
Senior Manager, External and Government Affairs
Marybeth.leongini@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 14, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Pennsylvania Public Utility Commission (the "PaPUC") by Pennsylvania-American Water Company ("Pennsylvania American Water")

On November 14, 2025, Pennsylvania American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), filed a request with the PaPUC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue increase is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026, unless otherwise provided in such approval.

A copy of the press release issued by Pennsylvania American Water on November 14, 2025 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the PaPUC of Pennsylvania American Water's request for adjusted water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the PaPUC, related to this request; (3) the timing of any implementation of new rates by Pennsylvania American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Pennsylvania American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Pennsylvania American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Pennsylvania American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Pennsylvania American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated November 14, 2025, issued by Pennsylvania American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: November 14, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water Files Rate Request Driven by More Than $1.2 Billion in Ongoing Investment to Provide Safe, Clean, Reliable Service

Request supports continued infrastructure investments, a new summer wastewater billing adjustment and a renter assistance pilot to expand existing affordability program

MECHANICSBURG, Pa. (Nov. 14, 2025) – Pennsylvania American Water today filed a request with the Pennsylvania Public Utility Commission (PUC) for new rates to support $1.2 billion in ongoing water and wastewater service system investments. The request reinforces the company's commitment to implementing critical system upgrades and continuing to improve water quality and reliability for its more than 2.4 million people served statewide.

"These investments directly benefit the communities we proudly serve and provide our customers with even more reliable service and improved water quality—from treatment to the tap. It all underscores every employee's commitment to the health and safety of our customers and the communities we serve," said Pennsylvania American Water President Justin Ladner.

The proposed rate change will support the company's plans to invest $1.2 billion through mid-2027 to modernize and strengthen its water and wastewater systems in communities across Pennsylvania. This investment will replace 117 miles of aging water main, continue eliminating lead service lines, and address emerging contaminants such as PFAS in drinking water. The proposed rate change would also support critical wastewater system upgrades, including the replacement of 32 miles of aging sewer main.

Under the company's proposal, if approved, the typical residential water customer would see an increase of approximately $14 per month. Customers served by sanitary wastewater systems would see an increase of approximately $10 per month. Customers with combined stormwater and wastewater systems would see an increase of approximately $20 per month.

Proposed Rate Adjustment to Reduce Summer Wastewater Charges
As part of the request, Pennsylvania American Water is proposing a Deduct Adjustment, which calculates summertime wastewater charges based on a customer's average winter water usage when outdoor use is typically low.

The Deduct Adjustment proposal provides a more accurate representation of the water entering the wastewater system, as it excludes seasonal outdoor uses such as lawn watering and car washing.

"This proposed adjustment allows customers to manage summer wastewater charges by accounting for outdoor water use," continued Ladner. "It's a change that can lead to real savings for many customers."

Press Release

PENNSYLVANIA AMERICAN WATER

Proposed Utility Assistance Pilot for Low-Income Renters
Additionally, Pennsylvania American Water is seeking permission from the PUC to implement a Renter Assistance Pilot Program (RAPP) to support low-income renters in master-metered buildings who are currently excluded from traditional utility aid. The pilot program would provide quarterly stipends for participating customers in Scranton and Butler, reflecting the company's existing discount levels.

Pennsylvania American Water remains committed to affordability and offers programs to assist income-eligible customers, including its H2O Help to Others assistance program, budget billing options and flexible payment plans. More details can be found at pennsylaniaamwater.com/H2O.

To learn more about Pennsylvania American Water's rate filing and the regulatory process behind it, visit pennsylvaniamwater.com/fromtreatmenttotap. For details on infrastructure investments in your community—including upgrades to treatment plants, water mains, and service lines—explore its Infrastructure Investment page.

The PUC review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings, and consumer advocacy organizations that participate in the proceedings. All rate changes require PUC approval. If approved, the company's new rates would take effect in August 2026.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Pennsylvania American Water
Pennsylvania American Water, a subsidiary of American Water, is the largest regulated water utility in the state with 1,200 dedicated employees working to provide safe, clean, reliable and affordable water and wastewater services to approximately 2.4 million people.

AWK-IR

Media Contact:
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Pennsylvania American Water
717-261-7525
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 16, 2025

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Kentucky Public Service Commission ("KPSC") Issuance of Final Order in Kentucky-American Water Company ("Kentucky American Water") General Rate Case

On December 16, 2025, the KPSC issued a final order (the "Order") approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025 by Kentucky American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). The Order approved an $18.2 million annualized increase in water system revenues, excluding infrastructure surcharges of $9.9 million, based on an authorized return on equity ("ROE") of 9.70%, authorized rate base of $667.0 million, and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%, as compared to an authorized ROE of 9.70%, an authorized rate base of $489.4 million, and a capital structure with a common equity component of 52.22% and a non-equity component of 47.78%, all as approved in Kentucky American Water's last general rate case effective May 3, 2024. The Order also terminated Kentucky-American Water's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by Kentucky American Water from February 2025 through December 2026. The new rates are effective as of December 16, 2025.

A copy of the press release issued by Kentucky American Water on December 17, 2025 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated December 17, 2025, issued by Kentucky American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: December 18, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

KENTUCKY AMERICAN WATER

Kentucky American Water Granted New Water Rates by Kentucky Public Service Commission

Increase driven by more than $212 million in system improvements

LEXINGTON, Ky. (December 17, 2025) – The Kentucky Public Service Commission (PSC) has approved new water rates for Kentucky American Water. The approved rates represent a total annualized revenue increase of approximately $18.2 million.

The company's rate request was filed on May 16, 2025, and was primarily driven by more than $212 million in water treatment and distribution system improvements made since the company's last rate filing. These improvements help ensure Kentucky American Water continues to provide safe, clean, reliable and affordable drinking water service to our customers and supports economic development in our communities.

The new rates are effective as of December 16, 2025. With the approved rate increase, the average monthly bill for residential water customers using an average of 3,900 gallons per month will increase by approximately $2.

"Kentucky American Water is committed to providing safe, clean, reliable and affordable water service to over half a million people in portions of 13 counties," said Rob Burton, president of Kentucky American Water. "Our long-term, efficient and consistent approach to capital investment enables us to achieve the high level of water service our customers expect and deserve while also helping ensure compliance with state and federal regulations."

Customers will be informed of the approved rates by mail and through the company's website at www.kentuckyamwater.com.

Kentucky American Water offers customer assistance programs that include payment plans, budget billing and, for income-eligible customers, the company's H2O Help to Others customer assistance program. More information can be found by clicking the Customer Assistance Program link under Customer Service & Billing on the company's website.

-more-

Press Release

KENTUCKY AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Kentucky American Water
Kentucky American Water, a subsidiary of American Water, is the largest regulated water utility in the state, with 150 dedicated employees working to provide safe, clean, reliable and affordable water and wastewater services to approximately 527,000 people.

For more information, visit Kentucky American Water's website and join Kentucky American Water on Facebook, X, Instagram and LinkedIn.

AWK-IR

For further information:

Media Contact:
Susan Lancho
Senior Manager, External and Government Affairs
Kentucky American Water
susan.lancho@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the Illinois Commerce Commission (the "ICC") by Illinois-American Water Company ("Illinois American Water")

On January 27, 2026, Illinois American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by Illinois American Water from January 2026 through December 2027. The request must be approved by the ICC.

A copy of the press release issued by Illinois American Water on January 27, 2026 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the ICC of Illinois American Water's request for adjustments to its water and wastewater rates (including with respect to the reconciliation of end-of-period rate base following the conclusion of the future test year); (2) the terms of any settlement agreement or stipulation, and/or order of the ICC, related to this request; (3) the timing of any implementation of adjusted rates by Illinois American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or Illinois American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by Illinois American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or Illinois American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or Illinois American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated January 27, 2026, issued by Illinois American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: January 27, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

ILLINOIS AMERICAN WATER

Illinois American Water Files Rate Request Driven by Approximately $577 Million in Investments to Provide Safe, Clean, Reliable and Affordable Service

Request supports continued infrastructure investments in water and wastewater systems that serve more than 1.3 million people in 148 Illinois communities

BELLEVILLE, Ill., Jan. 27, 2026 – Illinois American Water today filed a request with the Illinois Commerce Commission (ICC) for new rates to support approximately $577 million in water and wastewater system investments from January 2026 through December 2027. The request reinforces the company's commitment to implementing critical system upgrades and continuing to improve water quality and reliability for its more than 1.3 million people served statewide.

"We carefully and strategically plan and invest in our water and wastewater systems," said **Rebecca Losli, President of Illinois American Water**. "These investments directly benefit the communities we proudly serve and provide our customers with even more reliable service and improved water quality—from treatment to the tap. It underscores our employees' commitment to the health and safety of our customers and the communities we serve."

The proposed rate change will support the company's plans to invest approximately $577 million through 2027 to modernize and strengthen its water and wastewater systems in communities across Illinois. These investments will include the replacement of 42 miles of aging water and wastewater pipeline, upgrading of storage tanks, wells, pumping stations, hydrants, meters and wastewater plants, as well as ongoing replacement of lead service lines and improvements to treatment facilities to address regulatory requirements, including emerging contaminants such as PFAS in drinking water.

Under the company's proposal, if approved, the typical residential water customer using 3,500 gallons of water would see an increase of approximately $14 per month**,** depending on the service area. Typical customers served by sanitary wastewater systems using 3,500 gallons of water would see an increase of approximately $28 per month.

Part of the company's proposal to the ICC includes a modified allowance rate for residential water users to help alleviate financial pressures on low consumption customers and increase affordability. Under the proposal, residential water rates would be billed at a discount rate for the first 2,000 gallons of water.

Illinois American Water remains committed to affordability and offers programs to assist income-eligible customers, including its H2O Help to Others assistance program, budget billing options and flexible payment plans. More details can be found on our Customer Assistance Programs webpage.

To learn more about Illinois American Water's rate filing and the regulatory process behind it, visit amwater.com/ilaw/Customer-Service-Billing/Your-Water-and-Wastewater-Rates. For details on infrastructure investments in your community—including upgrades to treatment plants, water mains and service lines—explore its Infrastructure Investment page.

Press Release

ILLINOIS AMERICAN WATER

The rate request is the first step in a thorough 11-month ICC review process. The ICC review process offers multiple opportunities for customer involvement. Customers can participate through written comments, attendance at public input hearings scheduled by the ICC, and through consumer advocacy organizations that participate in the proceedings. All rate changes require ICC approval. If approved by the ICC, the company's new rates would take effect in January 2027.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Illinois American Water
Illinois American Water, a subsidiary of American Water, is the largest regulated water utility in the state, with over 600 dedicated employees working to provide safe, clean and reliable and affordable water and wastewater services to approximately 1.3 million people. American Water also operates a quality control and research laboratory in Belleville.

AWK-IR

Media Contact
Anna Kubas
Senior Manager, External Communications
Illinois American Water
Anna.Kubas@amwater.com

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 16, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

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(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Filing of Rate Request with the New Jersey Board of Public Utilities (the "NJBPU") by New Jersey-American Water Company, Inc. ("New Jersey American Water")

On January 16, 2026, New Jersey American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"), announced that it filed a request with the NJBPU to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by New Jersey American Water through December 2026. The filing is subject to the approval of the NJBPU.

A copy of the press release issued by New Jersey American Water on January 16, 2026 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) any approval by the NJBPU of New Jersey American Water's request for new water and wastewater rates; (2) the terms of any settlement agreement or stipulation, and/or order of the NJBPU, related to this request; (3) the timing of any implementation of new rates by New Jersey American Water, if approved; (4) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Company or New Jersey American Water; (5) the amount and timing of future proposed or anticipated capital expenditures and investments by New Jersey American Water; and (6) other economic, financial, political, business and other factors that may impact or affect the water and wastewater industries generally or the Company or New Jersey American Water specifically.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in the Company's annual and quarterly reports as filed with the SEC, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Current Report on Form 8-K. The Company does not have any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's or New Jersey American Water's business, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated January 16, 2026, issued by New Jersey American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: January 16, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

NEW JERSEY AMERICAN WATER

New Jersey American Water Files Rate Request Driven by More Than $1.4 Billion in Ongoing Investment to Provide Safe, Clean, Reliable and Affordable Service

Request supports continued infrastructure investments, expanded customer assistance, and a plan to return tax-related savings to customers

CAMDEN, N.J. - January 16, 2026 – New Jersey American Water today filed a request with the New Jersey Board of Public Utilities (BPU) for new rates to support over $1.4 billion in ongoing water and wastewater service system investments through December 2026. The request reinforces the company's commitment to implementing critical system upgrades and continuing to improve water quality and reliability for approximately 2.9 million people served statewide.

"As we continue to invest in our infrastructure, we're strengthening our systems, enhancing reliability, and improving water quality from treatment to the tap for the communities that count on us," stated New Jersey American Water President Mark McDonough. "These improvements reflect our commitment to providing our customers with affordable, high-quality service – made possible by our dedicated employees, who remain focused on protecting the health and safety of the people and communities we serve."

The proposed request will support the company's continued investment to modernize and strengthen its water and wastewater systems in communities across New Jersey, including the replacement or rehabilitation of nearly 120 miles of aging infrastructure, the ongoing replacement of lead service lines, and investments to address emerging contaminants such as PFAS in drinking water.

Under the company's proposal, if approved, the typical average residential water customer would see an increase of approximately $10 per month. Customers served by sanitary wastewater systems would see an average increase of $8 per month.

Expanding Access to Customer Assistance

New Jersey American Water is seeking approval to make monthly bill discounts more accessible for customers who already receive energy assistance through LIHEAP and USF. If approved, this would make New Jersey American Water the only water utility in New Jersey to offer this level of support. "Our customers deserve reliable, affordable water service," shared McDonough. "We're proud to build on our assistance programs so more families can get the help they need."

#1 IN CUSTOMER SATISFACTION
with Large Water Utilities in the Northeast Region two years in a row.
For J.D. Power 2025 award information, visit jdpower.com/awards

Press Release

NEW JERSEY AMERICAN WATER

New Jersey American Water remains committed to affordability and offers programs to assist income-eligible customers, including its H2O Help to Others assistance program, budget billing options and flexible payment plans. More details can be found at www.newjerseyamwater.com/h2oprogram.

Proposed Gross Receipts Tax Refund Pass-Back
Additionally, New Jersey American Water is seeking permission to return savings from a Gross Receipts Tax (GRT) refund directly to customers. The company is seeking approval to offset other regulatory expenses with the refund, then spread the remaining balance back to customers.

“This proposal will help ensure that customers benefit from tax-related savings,” added McDonough. “By passing back the GRT refund through our rates, we’re helping to keep water service affordable and fair for our customers.”

To learn more about New Jersey American Water’s rate filing and the regulatory process behind it, visit newjerseyamwater.com/fromtreatmenttotap. For details on infrastructure investments in your community - including upgrades to treatment plants, water mains, and service lines - explore its Infrastructure Investment page.

The company’s request for new rates undergoes extensive scrutiny by the BPU, the New Jersey Division of Rate Counsel, and the Office of Administrative Law. This robust review process includes examinations, public hearings and evidentiary hearings and can take nine months or more. This review process offers opportunities for customer involvement through written comments and attendance at public input hearings. All rate changes require BPU approval. If approved, the company’s new rates would take effect the second half of the year.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water’s 6,700 talented professionals leverage their significant expertise and the company’s national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

#1 IN CUSTOMER SATISFACTION
with Large Water Utilities in the Northeast Region two years in a row.
For J.D. Power 2025 award information, visit jdpower.com/awards

Press Release

NEW JERSEY AMERICAN WATER

About New Jersey American Water
New Jersey American Water, a subsidiary of American Water, is the largest regulated water utility in the state, with over 950 dedicated employees working to provide safe, clean, reliable and affordable water and wastewater services to approximately 2.9 million people.

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AWK-IR

Media Contact:
Chelsea Kulp
Director of Communications & External Affairs
New Jersey American Water
Chelsea.Kulp@amwater.com

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with Large Water Utilities in the Northeast Region two years in a row.
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 10, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.07. Submission of Matters to a Vote of Security Holders.

A special meeting of shareholders (the "Special Meeting") of American Water Works Company, Inc., a Delaware corporation ("American Water" or the "Company"), was convened and held on February 10, 2026, in connection with the proposed merger (the "Merger") of the Company and Essential Utilities, Inc. ("Essential"), pursuant to the Agreement and Plan of Merger, dated as of October 26, 2025, as may be amended from time to time, by and among the Company, Essential and Alpha Merger Sub, Inc. (the "Merger Agreement").

At the Special Meeting, an aggregate of 161,221,863 shares, or 82.6% of the Company's issued and outstanding common stock, par value $0.01 per share (the "Common Stock"), as of December 29, 2025, the record date for the Special Meeting, was represented in person or by proxy, constituting a quorum. The final results of voting at the Special Meeting on the matters submitted to a vote of the Company's shareholders thereat, which results were made available to the Company on February 10, 2026, are as set forth below.

1. The shareholders approved a proposal (the "Share Issuance Proposal") for the Company to issue shares of Common Stock pursuant to the Merger Agreement, by the following vote:

For	Against	Abstain	Broker Non-Votes
160,422,727	581,842	217,294	—

2. The vote on a proposal to adjourn or postpone the Special Meeting from time to time, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the Special Meeting (or any adjournment or postponement thereof) to approve the Share Issuance Proposal, or to ensure that any supplement or amendment to the Proxy Statement (as defined below) was timely provided to shareholders, was not determined, as the requisite number of shareholders voted to approve the Share Issuance Proposal.

Additional information in respect of the Special Meeting, the proposals described above, and the Merger is set forth in the Company's joint proxy statement/prospectus dated December 31, 2025 (the "Proxy Statement"). Pursuant to the terms of the Merger Agreement, the completion of the Merger remains subject to various additional conditions, including the receipt of clearance under the Hart-Scott-Rodino Act, and required regulatory approvals, including approval from applicable public utility commissions.

Item 7.01. Regulation FD Disclosure.

A joint press release of American Water and Essential Utilities, was issued on February 10, 2026 announcing that, at the respective special shareholder meetings of the Company and Essential, based on the final voting results, each company's shareholders approved the Merger-related proposals.

A copy of this joint press release has been furnished as Exhibit 99.1 hereto. References and links to websites and other information contained in this joint press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

The information furnished in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements included in this Current Report on Form 8-K (or the exhibit thereto) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could," or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking

statements included in this Current Report on Form 8-K as a result of the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025, and other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (3) an event, change or other circumstance that could give rise to the termination of the merger agreement; (4) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (5) a delay in the timing to consummate the proposed merger; (6) the failure to integrate the parties' businesses successfully; (7) the failure to fully realize benefits, efficiencies and cost savings from the proposed merger or that such benefits, efficiencies and cost savings may take longer to realize or be more costly to achieve than expected; (8) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential Utilities' common stock; (9) the risk of litigation, legal proceedings or other challenges related to the proposed merger; (10) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (11) the diversion of each party's management's time and attention from ongoing business operations and opportunities of such party on merger-related matters; (12) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (13) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operations, and maintenance costs; (14) changes in environmental laws and regulations regarding each party's respective operations that may adversely impact such party's businesses or increase the cost of operations; (15) changes in each party's key management and personnel; (16) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (17) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (18) other economic, business and other factors, including inflation, interest rate fluctuations or tariffs.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's annual and quarterly reports as filed with the SEC and in the definitive joint proxy statement/prospectus, as filed with the SEC on December 31, 2025, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this communication is first used or given. Neither American Water nor Essential Utilities has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential Utilities to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential Utilities' businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
99.1*	Joint Press Release, dated February 10, 2026, issued by American Water Works Company, Inc. and Essential Utilities, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 10, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water and Essential Utilities Shareholders Approve Merger-Related Proposals at Special Shareholder Meetings

CAMDEN, N.J. and BRYN MAWR, Pa. – February 10, 2026 – American Water Works Company, Inc. (NYSE: AWK) ("American Water") and Essential Utilities, Inc. (NYSE: WTRG) ("Essential Utilities") announced that, at their respective special shareholder meetings held earlier today, each company's shareholders overwhelmingly approved the proposals related to their previously announced proposed merger, based on final voting results reported by each company on a Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission.

Shareholders of both companies expressed strong confidence in this transaction, as approximately 99% of American Water's shares present at the meeting voted to approve the share issuance, and nearly 95% of Essential Utilities' shares voted were cast in support of the merger.

The merger is expected to close by the end of the first quarter of 2027, but remains subject to customary closing conditions, including, among others, clearance under the Hart-Scott-Rodino Act, and required regulatory approvals, including approval from applicable public utility commissions.

For additional details regarding the transaction, please visit americanwateressentialutilitiesmerger.com.

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Essential Utilities
Essential Utilities, Inc. (NYSE: WTRG) delivers safe, clean, reliable services that improve quality of life for individuals, families, and entire communities. With a focus on water, wastewater and natural gas, Essential is committed to sustainable growth, operational excellence, a superior customer experience, and premier employer status. We are advocates for the communities we serve and are dedicated stewards of natural lands, protecting thousands of acres of forests and other habitats throughout our footprint. Operating as the Aqua and Peoples brands, Essential serves approximately 5.5 million people across nine states. Essential is one of the most significant publicly traded water, wastewater service and natural gas providers in the U.S. Learn more at www.essential.co.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included in this communication are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as “intend,” “plan,” “estimate,” “believe,” “anticipate,” “expect,” “predict,” “project,” “propose,” “assume,” “forecast,” “outlook,” “future,” “likely,” “pending,” “goal,” “objective,” “potential,” “continue,” “seek to,” “may,” “can,” “will,” “should” and “could,” or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: statements about the benefits of the proposed merger, including future financial and operating results; the parties’ respective plans, objectives, expectations and intentions; the expected timing and likelihood of completion of the merger and related transactions; the results of any strategic review; expected synergies of the proposed merger; the timing and result of various regulatory proceedings related to the proposed merger, and other general rate cases, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the combined company’s ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the amount, allocation and timing of projected capital expenditures and related funding requirements; the future impacts of increased or increasing transaction and financing costs associated with the proposed merger or otherwise, as well as inflation and interest rates; each party’s ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; impacts of the proposed merger on the future settlement or settlements of a party’s forward sale agreements, including potential adjustments to the forward sale price or other economic terms thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on other governmental and regulatory investigations; the filing of class action lawsuits and other litigation and legal proceedings related to the proposed merger; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; each party’s ability to comply with new and changing environmental regulations; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on each such party and on its business, results of operations, cash flows and liquidity.

These forward-looking statements are predictions based on currently available information, the parties’ current respective expectations and assumptions regarding future events that American Water and Essential Utilities believe to be reasonable. They are not, however, guarantees or assurances of any outcomes, performance or achievements, and readers are cautioned not to place undue reliance upon them. You should not regard any forward-looking statement as a representation or warranty by American Water, Essential Utilities or any other person that the expectation, plan or objective expressed in such forward-looking statement will be successfully achieved in any specified time frame, or at all. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from

those discussed in the forward-looking statements included in this communication as a result of the factors discussed in American Water's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on February 19, 2025 (available at: ir.amwater.com), Essential Utilities' Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on February 27, 2025 (available at: essential.co), and each party's other filings with the SEC, and additional risks and uncertainties, including with respect to (1) the parties' ability to consummate the proposed merger pursuant to the terms of the definitive merger agreement or at all; (2) each party's requirement to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); (3) an event, change or other circumstance that could give rise to the termination of the merger agreement; (4) the failure to satisfy or waive a condition to closing of the proposed merger on a timely basis or at all; (5) a delay in the timing to consummate the proposed merger; (6) the failure to integrate the parties' businesses successfully; (7) the failure to fully realize benefits, efficiencies and cost savings from the proposed merger or that such benefits, efficiencies and cost savings may take longer to realize or be more costly to achieve than expected; (8) negative or adverse impacts of the announcement of the proposed merger on the market price of American Water's or Essential Utilities' common stock; (9) the risk of litigation, legal proceedings or other challenges related to the proposed merger; (10) disruption from the proposed merger making it more difficult to maintain relationships with customers, employees, contractors, suppliers, regulators, vendors, elected officials, governmental agencies, or other stakeholders; (11) the diversion of each party's management's time and attention from ongoing business operations and opportunities of such party on merger-related matters; (12) the challenging macroeconomic environment, including disruptions in the water and wastewater utility industries; (13) the ability of each party to manage its respective existing operations and financing arrangements on favorable terms or at all, including with respect to future capital expenditures and investments, operations, and maintenance costs; (14) changes in environmental laws and regulations regarding each party's respective operations that may adversely impact such party's businesses or increase the cost of operations; (15) changes in each party's key management and personnel; (16) changes in tax laws that could adversely affect beneficial tax treatment of the proposed merger; (17) regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the parties' respective utility subsidiaries; and (18) other economic, business and other factors, including inflation, interest rate fluctuations or tariffs. The foregoing factors should not be construed as exhaustive.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in American Water's and Essential Utilities' respective annual and quarterly reports as filed with the SEC and in the definitive joint proxy statement/prospectus, as filed with the SEC on December 31, 2025 (available at: https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/

d15683d424b3.htm), and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date this communication is first used or given. Neither American Water nor Essential Utilities has any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by the federal securities laws. New factors emerge from time to time, and it is not possible for American Water or Essential Utilities to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's or Essential Utilities' businesses, viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

Important Additional Information about the Proposed Merger and Where to Find It

In connection with the proposed merger, on December 17, 2025, American Water filed a registration statement on Form S-4 (Registration No. 333-292182) with the SEC, as amended on December 29, 2025 (as amended, the "registration statement"). The registration statement, which was declared effective by the SEC on December 30, 2025, includes a document that serves as a prospectus of American Water with respect to the shares of American Water's common stock to be issued in the proposed merger and a joint proxy statement of American Water and Essential Utilities for their respective shareholders, and each party has filed and will file other documents regarding the proposed merger with the SEC. Each party filed the definitive joint proxy statement/prospectus with the SEC on December 31, 2025 (available at: https://www.sec.gov/Archives/edgar/data/1410636/000119312525337598/d15683d424b3.htm) and commenced mailing of the definitive joint proxy statement/prospectus to their respective shareholders on December 31, 2025. This communication is not a substitute for the registration statement, the definitive joint proxy statement/prospectus or any other document that American Water or Essential Utilities has filed or may file with the SEC or mail to their respective shareholders in connection with the proposed merger. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF EACH PARTY ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE REGISTRATION STATEMENT, THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS, ANY AMENDMENTS OR SUPPLEMENTS THERETO, AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC OR INCORPORATED BY REFERENCE INTO THE REGISTRATION STATEMENT AND THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AS CURRENTLY AVAILABLE OR WHEN THEY BECOME AVAILABLE, BECAUSE THEY DO AND WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders are able to obtain the registration statement, the definitive joint proxy statement/prospectus and the other documents filed regarding the proposed merger free of charge from the SEC's website or from American Water or Essential Utilities. The documents filed by American Water with the SEC may be obtained free of charge at American Water's investor relations website at ir.amwater.com or at the SEC's website at www.sec.gov. The documents filed by Essential Utilities with the SEC may be obtained free of charge at Essential Utilities website at essential.co or at the SEC's website at www.sec.gov. The information included on, or accessible through, American Water's or Essential Utilities' respective websites is not incorporated by reference into, and does not form a part of, this communication.

No Offer or Solicitation
This communication is for informational purposes and is not intended to, and shall not, constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer or sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

AWK-IR

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 10, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01. Regulation FD Disclosure.

On February 10, 2026, at respective special shareholder meetings of American Water Works Company, Inc., a Delaware corporation (the "Company"), and Essential Utilities, Inc., a Pennsylvania corporation ("Essential Utilities"), and based on preliminary voting results, each company's shareholders have approved proposals related to the proposed merger of the Company and Essential Utilities, pursuant to that certain Agreement and Plan of Merger, dated as of October 26, 2025, and as it may be amended from time to time, by and among the Company, Essential Utilities and Alpha Merger Sub, Inc.

A Current Report on Form 8-K will be filed by the Company within four business days to report the final results of the Company's special shareholder meeting.

The information furnished in Item 7.01 of this Current Report on Form 8-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 10, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 18, 2026

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 18, 2026, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2025. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated February 18, 2026, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: February 18, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

February 18, 2026

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AMERICAN WATER REPORTS STRONG 2025 RESULTS
AFFIRMS 2026 EPS GUIDANCE AND LONG-TERM TARGETS

- **2025 GAAP earnings of $5.69 per share, compared to $5.39 per share in 2024 and fourth quarter 2025 GAAP earnings of $1.22 per share, compared to $1.22 in the fourth quarter 2024**
  - **2025 results of $5.74 per share exclude $0.05 of transaction costs associated with pending merger with Essential Utilities; achieved the upper half of the earnings guidance range of $5.70 to $5.75 per share**
  - **Excluding transaction costs for the pending merger and incremental interest income from the HOS secured seller note, 2025 adjusted earnings of $5.64 per share, compared to $5.18 per share in 2024, an 8.9% increase**
- **Delivered dividend growth of 8.2% for the year**
- **Invested $3.2 billion in capital in 2025, driven by system need in support of water quality and reliability**
- **HOS $795 million secured seller note repaid in full on February 13, 2026**
- **Affirmed long-term EPS and dividend growth targets of 7-9%**
- **On February 10, 2026, shareholders of American Water and Essential Utilities overwhelmingly approved their merger-related proposals**

CAMDEN, N.J., February 18, 2026 - American Water Works Company, Inc. (NYSE: AWK) today reported adjusted earnings of $1.24 per share for the fourth quarter 2025 compared to $1.15 per share in 2024, and full year adjusted earnings in 2025 of $5.64 per share compared to $5.18 per share in 2024.

“American Water once again successfully executed on its EPS and dividend guidance and plan in 2025. We invested $3.2 billion in regulated operations, driven by needed infrastructure improvements to water systems, and completed 18 acquisitions across seven states,” said John Griffith, president and CEO of American Water.

“We were also very pleased that, last week, shareholders of American Water and Essential Utilities overwhelmingly approved the respective proposals related to the pending merger announced last October,” added Griffith. “This milestone further affirms the benefits of the merger - enhancing scale and combining two highly complementary businesses with significant growth potential that will benefit all stakeholders.”

2026 Adjusted Earnings Per Share Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2026 adjusted EPS guidance range of $6.02 to $6.12 (non-GAAP) compared to adjusted EPS in 2025 of $5.64 (non-GAAP). The 2026 adjusted EPS guidance range does not include (i) transaction costs to be incurred by the company during 2026 related to the proposed merger with Essential Utilities, Inc. ("Essential Utilities"), (ii) impacts of weather, if any, during 2026, and (iii) incremental interest income through February 13, 2026 related to the 2024 amendment of the former Homeowner Services Group ("HOS") secured seller note. Management is unable to present a reconciliation of the adjusted EPS guidance range to a GAAP guidance range without unreasonable effort because management cannot reliably predict the nature, amount or probable significance of all of such adjustments for future periods; however, these adjustments may, individually or in the aggregate, cause adjusted EPS to differ significantly from GAAP EPS. The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company's earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under "Adjustments to GAAP" and "Cautionary Statement Concerning Forward-Looking Statements" below and under "Risk Factors" in its annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC").

Consolidated Results Adjusted Earnings per Share Reconciliation (A Non-GAAP, unaudited measure)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2025	2024	2025	2024
Diluted earnings per share (GAAP):				
Net income attributable to shareholders	$ 1.22	$ 1.22	$ 5.69	$ 5.39
Non-GAAP adjustments:				
Estimated impact of favorable weather	—	(0.07)	—	(0.16)
Income tax impact	—	0.02	—	0.04
Net non-GAAP adjustment	—	(0.05)	—	(0.12)
Incremental interest income from amended HOS seller note	(0.03)	(0.03)	(0.13)	(0.12)
Income tax impact	0.01	0.01	0.03	0.03
Net non-GAAP adjustment	(0.02)	(0.02)	(0.10)	(0.09)
Transaction costs associated with the pending merger with Essential Utilities	0.05	—	0.07	—
Income tax impact	(0.01)	—	(0.02)	—
Net non-GAAP adjustment	0.04	—	0.05	—
Total net adjustments	0.02	(0.07)	(0.05)	(0.21)
Adjusted diluted earnings per share (non-GAAP)	$ 1.24	$ 1.15	$ 5.64	$ 5.18

For the three and twelve months ended December 31, 2025, adjusted earnings per share (a non-GAAP measure) were $1.24 and $5.64 respectively, compared to $1.15 and $5.18 per share in the same periods in 2024. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan.

In 2025, the company invested $3.2 billion in infrastructure improvements and growth, including $83 million for regulated acquisitions.

Regulated Businesses

In the fourth quarter of 2025, the Regulated Businesses' net income was $265 million, compared to $250 million for the same period in 2024. For the full year 2025, the Regulated Businesses' net income was $1,137 million, compared to $1,065 million in 2024, which included an estimated $24 million of favorable weather.

Operating revenues increased $61 million and $427 million for the three and twelve months ended December 31, 2025, respectively, as compared to the same periods in 2024. The increases in operating revenues were primarily a result of authorized revenue increases resulting from completed general rate cases and infrastructure proceedings to recover incremental capital and acquisition investments.

Since January 1, 2025, the company has been authorized additional annualized revenues of approximately $264 million from general rate cases, with $250 million effective in 2025 and $14 million effective in 2026. Further, approximately $85 million of additional annualized revenues from infrastructure surcharges have been authorized, with $69 million effective in 2025 and $16 million effective in 2026. The company has general rate cases in progress in seven jurisdictions and filed for three infrastructure surcharges, reflecting a total annualized revenue request of approximately $573 million.

Operating expenses were higher by $36 million and $260 million for the three and twelve months ended December 31, 2025, respectively, as compared to the same periods in 2024. Operating expenses were higher primarily due to an increase in employee-related costs, increased production costs, which include higher purchased power and purchased water cost and usage, as well as general taxes associated with increased capital investment. Operating expenses also include depreciation expense, which was higher by $26 million and $111 million in the same periods, respectively, due to the growing capital investment.

Interest expense was higher by $12 million and $58 million for the three and twelve months ended December 31, 2025, respectively, as compared to the same periods in 2024, to fund capital investments.

Dividends

On December 5, 2025, the company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share of common stock payable on March 3, 2026, to shareholders of record as of February 10, 2026.

2025 Fourth Quarter and Year-End Earnings Conference Call

The conference call to discuss the fourth quarter and year-end 2025 earnings, 2026 adjusted EPS guidance, and affirmation of long-term targets will take place on Thursday, February 19, 2026, at 9 a.m. Eastern Standard Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's Investor Relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 7,000 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Adjustments to GAAP

This press release includes presentations of consolidated adjusted diluted earnings per share, both as historical financial information and as earnings guidance. These presentations of adjusted EPS constitute "non-GAAP financial measures" under SEC rules. The most directly comparable GAAP measure for historical adjusted EPS is the reported diluted earnings per share (GAAP) and is reconciled in this press release.

These non-GAAP financial measures are derived from the company's consolidated financial information but are not presented in the financial statements prepared in accordance with GAAP. These measures should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. The company believes that these non-GAAP measures provide investors with useful information by excluding certain matters that may not be indicative of the company's ongoing operating results, and, with respect to weather, to provide for a measure of the company's operating performance without the variability of estimated weather impacts, and that providing these non-GAAP measures will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the company's results of operations. Although management uses these non-GAAP financial measures internally to evaluate the company's results of operations, management does not intend results reflected by these non-GAAP measures to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. In addition, these non-GAAP financial measures as defined and used above may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, they may have significant limitations on their use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements made, referred to or relied upon in this press release including, without limitation, 2026 adjusted earnings per share guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity (including, without limitation, with respect to the proposed merger with Essential Utilities and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), the amount and allocation of projected capital expenditures, the company's capital recovery outlook, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The company's actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2025, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment

(including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; in addition to the foregoing, various risks and other uncertainties associated with the company's merger agreement with Essential Utilities and the related proposed merger, including: a fixed exchange ratio that will not adjust or account for fluctuations in the company's or Essential Utilities' stock price; limitations on the parties' ability to pursue alternatives to the proposed merger; an event, change or other circumstance that could give rise to the termination of the merger agreement; a delay in the timing to consummate the proposed merger; each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); financial impacts of the proposed merger on the company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts; any impact of the proposed merger on the company's and the combined company's ability to declare and pay quarterly dividends on its common stock; the risk of litigation related to the proposed merger; changes in the parties' key management and personnel; the amount and nature of incurred transaction costs associated with the proposed merger; and reduced ownership and voting interests for the company's and Essential Utilities' shareholders upon completion of the proposed merger; in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the company to complete, the acquisition, on the company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and any requirement by the company to pay a termination fee in the event the closing does not occur; the ability of the company to redeploy successfully and timely the net proceeds of the amended secured seller note into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; with respect to any of the company's forward sale agreements: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its

inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in the company's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the company makes shall speak only as of the date of this press release. Except as required by the federal securities laws, the company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Statements of Operations

(In millions, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2025	2024	2025	2024
	(Unaudited)			
Operating revenues	$ 1,271	$ 1,201	$ 5,140	$ 4,684
Operating expenses:				
Operation and maintenance	548	519	2,019	1,858
Depreciation and amortization	231	207	894	788
General taxes	88	74	348	320
Other	(1)	1	—	—
Total operating expenses, net	866	801	3,261	2,966
Operating income	405	400	1,879	1,718
Other income (expense):				
Interest expense	(162)	(136)	(615)	(523)
Interest income	23	23	90	94
Non-operating benefit costs, net	4	5	16	28
Other, net	12	11	52	42
Total other income (expense)	(123)	(97)	(457)	(359)
Income before income taxes	282	303	1,422	1,359
Provision for income taxes	44	64	311	308
Net income attributable to common shareholders	$ 238	$ 239	$ 1,111	$ 1,051
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 1.22	$ 5.69	$ 5.39
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.22	$ 1.22	$ 5.69	$ 5.39
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 37,955	$ 35,059
Accumulated depreciation	(7,379)	(7,021)
Property, plant and equipment, net	30,576	28,038
Current assets:		
Cash and cash equivalents	98	96
Restricted funds	21	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	395	416
Income tax receivable	9	25
Unbilled revenues	433	315
Materials and supplies	112	103
Secured seller promissory note from the sale of the Homeowner Services Group	795	—
Other	328	231
Total current assets	2,191	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,132	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Operating lease right-of-use assets	85	89
Goodwill	1,156	1,144
Other	302	399
Total regulatory and other long-term assets	2,675	3,577
Total assets	$ 35,442	$ 32,830

American Water Works Company, Inc. and Subsidiary Companies

Consolidated Balance Sheets

(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,605,170 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,642	8,598
Retained earnings	2,575	2,112
Accumulated other comprehensive income	6	12
Treasury stock, at cost (5,428,008 and 5,451,216 shares, respectively)	(388)	(392)
Total common shareholders' equity	10,837	10,332
Long-term debt	12,777	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,780	12,521
Total capitalization	23,617	22,853
Current liabilities:		
Short-term debt	1,588	879
Current portion of long-term debt	1,479	637
Accounts payable	378	346
Accrued liabilities	830	791
Accrued taxes	134	156
Accrued interest	140	111
Other	198	230
Total current liabilities	4,747	3,150
Regulatory and other long-term liabilities:		
Advances for construction	435	383
Deferred income taxes and investment tax credits	3,190	2,881
Regulatory liabilities	1,416	1,416
Operating lease liabilities	74	76
Accrued pension expense	167	217
Other	166	277
Total regulatory and other long-term liabilities	5,448	5,250
Contributions in aid of construction	1,630	1,577
Commitments and contingencies		
Total capitalization and liabilities	$ 35,442	$ 32,830

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 26, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

Public Service Commission of Maryland (the "MDPSC") Approval of Settlement in Maryland-American Water Company ("Maryland American Water") General Rate Case

On February 26, 2026, the MDPSC issued an order (the "Order") approving the joint settlement of the general rate case filed on August 1, 2025 by Maryland American Water, a wholly owned subsidiary of American Water Works Company, Inc. (the "Company"). A joint stipulation and settlement agreement by and among Maryland American Water, the Office of People's Counsel, and the Staff of the MDPSC was filed with the MDPSC on January 22, 2026. The Order approves a consolidated annualized increase in water revenues of approximately $2 million, with approximately $1 million of the increase to be included in rates effective concurrently with the date of the Order, and the remainder effective January 1, 2027. Maryland American Water's view of its return on equity ("ROE"), common equity ratio and debt ratio (each of which is based on the information included in the Order and the joint stipulation and settlement agreement, but was not disclosed therein), is 9.75%, 52.32% and 47.68%, respectively. The annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by Maryland American Water since its last general rate case approval in 2019.

A copy of the press release issued by Maryland American Water on March 2, 2026 has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1*	Press Release, dated March 2, 2026, issued by Maryland American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 2, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

MARYLAND AMERICAN WATER

Maryland American Water Granted New Rates by Maryland Public Service Commission

Increase Supports $22 Million in Completed Infrastructure Investments;
First Rate Adjustment Since 2019

Bel Air, Md. (March 2, 2026) –The Maryland Public Service Commission (PSC) has approved a settlement for new water rates for Maryland American Water. The approved rates represent a total annualized revenue increase of approximately $2 million.

The company's rate request was filed on August 1, 2025, and supports approximately $22 million in completed capital and infrastructure investments in treatment system and distribution improvements since its last approved rate request in 2019.

"We are committed to making the necessary investments to continue the high-quality service our customers expect and deserve and ensure compliance with state and federal regulations," **said Laura Runkle, President, Maryland American Water**. "Our capital planning approach to consistent and efficient investment helps improve water service reliability for the 24,000 people we serve."

The new rates will be implemented over two years. Effective February 26, 2026, residential customers in the Town of Bel Air using 4,000 gallons per month will see their average bill increase by approximately $10 per month. On January 1, 2027, their bill will increase by another $10 per month. In the Severn District, residential customers previously billed a quarterly flat fee will transition to a monthly flat fee, which will increase by approximately $1.50 per month effective February 26, 2026. This is the first rate adjustment since 2019.

Maryland American Water also supports various important customer affordability programs by providing customers with bill paying assistance programs, payment arrangements and budget billing options, all available on the customer MyWater portal at marylandamwater.com. Income-eligible customers may also apply for assistance through the company's H2O Help to Others program, administered by Dollar Energy Fund. More information can be found at marylandamwater.com under "Customer Service & Billing" and "Customer Assistance Programs."

Customers will receive information about the new rates in their next Maryland American Water bill. Information will also be available on the company's website at www.marylandamwater.com under Customer Service & Billing, your Water Rates.

Press Release

MARYLAND
AMERICAN WATER

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 18 military installations. American Water's approximately 7,000 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About Maryland American Water
Maryland American Water, a subsidiary of American Water, is the largest regulated water utility in the state, providing safe, clean, reliable and affordable water services to approximately 24,000 people.

AWK-IR

Media Contact
Marybeth Leongini
Senior External Affairs Manager
marybeth.leongini@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 5, 2026

American Water Works Company, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

West Virginia Public Service Commission (the "WVPSC") Approval of Orders Related to West Virginia-American Water Company, Inc. ("West Virginia American Water")

On March 10, 2026, West Virginia American Water, a subsidiary of American Water Works Company, Inc. (the "Company"), issued a press release to announce that on March 5, 2026, the WVPSC issued an amended order (the "Order") that approves the adjustment of West Virginia American Water's base rates requested in a general rate case filed on May 5, 2025. The Order approved an annualized increase of $20.5 million in West Virginia American Water's water and wastewater system revenues, which excludes previously recovered infrastructure surcharges of $12.7 million, based on an authorized return on equity ("ROE") of 9.8%, a common equity ratio of 51.0% and a debt ratio of 49.0%. West Virginia American Water's view of its authorized rate base, which was not stated in the Order, is approximately $1.1 billion.

The increased water and wastewater revenues related to this base rate adjustment are being driven primarily by approximately $239 million of related water and wastewater system capital investments made since the completion of West Virginia American Water's previous rate case and through February 2026. The new water and wastewater rates became effective as of March 1, 2026.

A copy of the press release issued by West Virginia American Water has been filed as Exhibit 99.1 hereto and is incorporated herein by reference. References and links to websites and other information contained in this press release are not provided as active hyperlinks, and the information contained in or accessed through these hyperlinks shall not be incorporated into, or form a part of, this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been filed herewith (except as noted below):

Exhibit No.	Description
99.1	Press Release, dated March 10, 2026, issued by West Virginia American Water.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: March 10, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

WEST VIRGINIA AMERICAN WATER

West Virginia Public Service Commission Authorizes New Rates for West Virginia American Water

Supports over $239 Million in Continued Infrastructure Investments Across the State; Additional Customer Discount Program Also Introduced

CHARLESTON, W.Va., (March 10, 2026) - The West Virginia Public Service Commission issued an amended order on Thursday, March 5, 2026, approving new rates for West Virginia American Water. The approved rates represent a total annualized revenue increase of $20.5 million, which excludes $12.7 million in previously recovered infrastructure surcharges.

The company's rate request was filed in May 2025 and supports over $239 million in investments and improvements in the system across the state since the company's last rate adjustment in 2024.

"Continuing infrastructure investments across our service territory are vital for sustaining safe, clean, reliable, and affordable water and wastewater services for the communities we serve, as well as maintaining compliance with water quality and environmental regulations," said **Scott Wyman, President of West Virginia American Water**. "We strive to maintain a balance between continuous investment for needed system improvements and affordability for our customers, and this order allows us to continue to make necessary improvements for the longevity of the system."

Effective March 1, 2026, residential water customers using 3,000 gallons per month will see their average bill increase by approximately $6 per month, and residential wastewater customers will see their average bill increase by approximately $7 per month.

The Public Service Commission also introduced an additional customer discount program available to customers enrolled in the Special Reduced Rate Residential Service (SRRRS) tariff. Customers on the SRRRS tariff will receive an additional 20% discount on the SRRRS tariff rate. This will be available in addition to the company's H2O Help to Others Program™ and other bill assistance and payment arrangements already offered by the company.

Customers will receive information about the new rates in their next West Virginia American Water bill. Information will also be available on the company's website at www.westvirginiaamwater.com under Customer Service & Billing, Your Water and Wastewater Rates.

Press Release

WEST VIRGINIA AMERICAN WATER

About American Water
American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886 and celebrating 140 years in 2026, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 18 military installations. American Water's approximately 7,000 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

About West Virginia American Water
West Virginia American Water, a subsidiary of American Water, is the largest regulated water utility in the state with approximately 300 dedicated employees working to provide safe, clean and reliable water and wastewater services to approximately 610,000 people.

AWK-IR

Media Contact
Olivia Bailey
West Virginia American Water
External Affairs Manager
Olivia.Bailey@amwater.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 30, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)

(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	AWK	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

On March 30, 2026, American Water Capital Corp. ("AWCC"), a wholly owned finance subsidiary of American Water Works Company, Inc. ("American Water"), agreed to sell $700 million aggregate principal amount of its 5.200% Senior Notes due 2036 (the "Notes") pursuant to an underwriting agreement, dated March 30, 2026, by and among AWCC and American Water, and Wells Fargo Securities, LLC, PNC Capital Markets LLC, RBC Capital Markets, LLC and U.S. Bancorp Investments, Inc., as representatives of the several underwriters named therein. The Notes have the benefit of a support agreement, dated June 22, 2000 and amended as of July 26, 2000, from American Water (the "Support Agreement").

The Notes and the obligations of American Water represented by the Support Agreement were registered under the Securities Act, pursuant to a Registration Statement on Form S-3 (File Nos. 333-277166-01 and 333-277166). At the closing of this offering, on April 1, 2026, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $694.9 million. AWCC intends to use the net proceeds of the offering (1) to lend funds to American Water and its subsidiaries in its Regulated Businesses segment (which is comprised of utilities that provide water and wastewater services and are generally subject to regulation by state utility commissions or other entities engaged in utility regulation); (2) to repay commercial paper obligations of AWCC; and (3) for general corporate purposes.

The Notes were issued pursuant to the Indenture, dated as of December 4, 2009, by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, as supplemented by an officers' certificate establishing the terms of the Notes.

This Current Report on Form 8-K is being filed, in part, to report the closing of the offering of the Notes and to include, as exhibits, certain documents executed in connection with such registered public offering and sale.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits to this Current Report have been provided herewith as noted below:

Exhibit No.	Description
1.1*	Underwriting Agreement, dated March 30, 2026, by and among AWCC, American Water, Wells Fargo Securities, LLC, PNC Capital Markets LLC, RBC Capital Markets, LLC, and U.S. Bancorp Investments, Inc., as representatives of the several underwriters named therein.
4.1*	Officers' Certificate of AWCC, dated April 1, 2026, establishing the terms of the Notes.
5.1*	Opinion of Morgan, Lewis & Bockius LLP.
23.1*	Consent of Morgan, Lewis & Bockius LLP (included in Exhibit 5.1).
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: April 1, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

$700,000,000 5.200% Senior Notes due 2036

Support Agreement from American Water Works Company, Inc.

Underwriting Agreement

March 30, 2026

Wells Fargo Securities, LLC
PNC Capital Markets LLC
RBC Capital Markets, LLC
U.S. Bancorp Investments, Inc.
As representatives of the several Underwriters
named in Schedule I hereto

c/o Wells Fargo Securities, LLC
550 South Tryon Street, 5th Floor
Charlotte, NC 28202

c/o PNC Capital Markets LLC
300 Fifth Avenue, 10th Floor
Pittsburgh, PA 15222

c/o RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street, 8th Floor
New York, NY 10281

c/o U.S. Bancorp Investments, Inc.
214 North Tryon Street, 26th Floor
Charlotte, NC 28202-1078

Ladies and Gentlemen:

1. American Water Capital Corp., a Delaware corporation (the "**Company**"), proposes, subject to the terms and conditions stated herein, to issue and sell to the underwriters named in Schedule I hereto (the "**Underwriters**"), for whom you (the "**Representatives**") are acting as representatives, an aggregate of $700,000,000 principal amount of the Company's 5.200% Senior Notes due 2036 (the "**Securities**").

2. The Company previously entered into a support agreement with American Water Works Company, Inc., a Delaware corporation (the "**Parent**"), dated June 22, 2000 and amended as of July 26, 2000 (as such agreement may be hereinafter amended, modified or supplemented from time to time in accordance with the terms and provisions thereof, the "**Support Agreement**"). Pursuant to the Support Agreement, the Parent has agreed, among other things, to provide funds to the Company if it is unable to make timely payment of principal of and premium, if any, and interest on Debt (as defined in the Support Agreement) issued by the Company.

3. The Company and the Parent, jointly and severally, represent and warrant to, and agree with, each of the Underwriters that:

(a) An "automatic shelf registration statement" as defined under Rule 405 under the Securities Act of 1933, as amended (the "**Act**"), on Form S-3 (File Nos. 333-277166 and 333-277166-01) in respect of the Securities has been filed with the Securities and Exchange Commission (the "**Commission**") not earlier than three years prior to the date hereof; such registration statement, and any post-effective amendment thereto, each in a form heretofore delivered to the Representatives, became effective on filing; and no stop order suspending the effectiveness of such registration statement or any part thereof has been issued and, to the Parent's or the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission, and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act has been received by the Parent or the Company (the base prospectus filed as part of such registration statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "**Basic Prospectus**"); any preliminary prospectus (including any preliminary prospectus supplement) relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act is hereinafter called a "**Preliminary Prospectus**"; the various parts of such registration statement, including all exhibits thereto but excluding the Form T-1 and including any prospectus supplement relating to the Securities that is filed with the Commission and deemed by virtue of Rule 430B to be part of such registration statement, each as amended at the time such part of the registration statement became effective, are hereinafter collectively called the "**Registration Statement**"; the Basic Prospectus, as amended and supplemented immediately prior to the Applicable Time (as defined in Section 3(c) hereof), is hereinafter called the "**Pricing Prospectus**"; the final prospectus relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 7(a) hereof is hereinafter called the "**Prospectus**"; any reference herein to the Registration Statement, the Basic Prospectus, the Pricing Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act as of the date of this Agreement or as of the date of

such prospectus; any reference to any amendment or supplement to the Registration Statement, the Basic Prospectus, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any post-effective amendment to the Registration Statement, any prospectus supplement relating to the Securities filed with the Commission pursuant to Rule 424(b) under the Act and any documents filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and incorporated therein, in each case after the date of this Agreement (with respect to the Registration Statement), the date of the Basic Prospectus, such Preliminary Prospectus, or the Prospectus, as the case may be; any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Securities is hereinafter called an "**Issuer Free Writing Prospectus**";

(b) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission. Each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"), and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Representatives expressly for use therein (the "**Underwriter Information**");

(c) For the purposes of this Agreement, the "**Applicable Time**" is 3:30 p.m. (Eastern time) on the date of this Agreement. The Pricing Prospectus, as supplemented by the final term sheet prepared and filed pursuant to Section 7(a) hereof, taken together (collectively, the "**Pricing Disclosure Package**"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed on Schedule II hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this clause (c) shall not apply to statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with the Underwriter Information;

(d) The documents incorporated by reference in the Pricing Prospectus and the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any further documents so filed and incorporated by reference in the Prospectus or any further amendment or supplement thereto, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(e) The interactive data in eXtensible Business Reporting Language filed as exhibits to the reports included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto;

(f) (i) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will conform, in all material respects to the requirements of the Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and (ii) the Registration Statement and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus do not and will not, as of the applicable effective date as to each part of the Registration Statement and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Underwriter Information;

(g) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, (A) none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity,

whether or not covered by insurance, or from any court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and which could reasonably be expected to, in each case, individually or in the aggregate, have a material adverse effect on the financial condition, stockholders' equity, properties or results of operations of the Parent, the Company and the Parent's other subsidiaries, taken as a whole (a "**Material Adverse Effect**"); and (B) no labor dispute with the employees of the Parent, the Company or any of the Parent's other subsidiaries exists or, to the knowledge of the Company or the Parent, is imminent, which could reasonably be expected to result in a Material Adverse Effect; and (ii) since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, otherwise than as set forth or contemplated in the Pricing Prospectus, there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a prospective change, in or affecting the general affairs or management, otherwise than as set forth or contemplated in the Pricing Prospectus, that could reasonably be expected to have a Material Adverse Effect;

(h) The Parent, the Company and each of the Parent's other subsidiaries has good and sufficient title to all real property and personal property owned by them sufficient for the conduct of their respective businesses, in each case free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Parent, the Company and each of the Parent's other subsidiaries except, in each case, as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Parent, the Company and each of the Parent's other subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Parent, the Company and each of the Parent's other subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus or as would not, individually or in the aggregate, have a Material Adverse Effect;

(i) Each of the Parent and the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect; and each

subsidiary of the Parent listed on Schedule IV hereto (each a "**Significant Subsidiary**") has been duly incorporated or organized, and is validly existing as an entity in good standing under the laws of its jurisdiction of incorporation or organization, except where the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect;

(j) All of the issued shares of capital stock of the Parent and the Company have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock or other ownership interests of each Significant Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and (except (i) for directors' qualifying shares, (ii) for 4,515 shares of redeemable preferred stock of Pennsylvania-American Water Company and (iii) as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Parent, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that would not, individually or in the aggregate, have a Material Adverse Effect;

(k) This Agreement has been duly authorized, executed and delivered by each of the Company and the Parent; the Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture, dated as of December 4, 2009 (the "**Indenture**"), between the Company and Computershare Trust Company, N.A., as successor trustee (the "**Trustee**"), under which they are to be issued; the Indenture has been duly authorized, executed and delivered by the Company and duly qualified under the Trust Indenture Act and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Support Agreement has been duly authorized, executed and delivered by the Parent and the Company and constitutes a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Support Agreement will conform to the descriptions thereof in the Pricing Prospectus and the Prospectus and will be in substantially the form previously delivered to you;

(l) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(m) The issue and sale of the Securities and the compliance by the Parent and the Company with all of the provisions of the Securities, the Indenture, the Support Agreement and this Agreement and the consummation of the transactions herein and therein contemplated (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Parent, the Company or any of the Parent's other subsidiaries is a party or by which the Parent, the Company or any of the Parent's other subsidiaries is bound or to which any of the property or assets of the Parent, the Company or any of the Parent's other subsidiaries is subject, and (ii) will not result in any violation of (A) the provisions of the Certificate of Incorporation or the By-laws, as amended, of the Company or the Restated Certificate of Incorporation or the Amended and Restated Bylaws of the Parent or (B) any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Parent, the Company or any of the Parent's other subsidiaries or any of their properties, except in the case of clauses (i) and (ii)(B) for any conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Parent or the Company of the transactions contemplated by this Agreement, the Indenture, or the Support Agreement, except (i) the registration under the Act of the Securities, (ii) such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters and (iii) such consents, approvals, authorizations, orders, registrations or qualifications that have already been obtained or the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or impair the ability of the Parent or the Company to consummate the transactions contemplated by this Agreement;

(n) None of the Parent, the Company or any of the Parent's other subsidiaries is (A) in violation of the Certificate of Incorporation or the By-laws, as amended, in the case of the Company, or the Restated Certificate of Incorporation or the Amended and Restated Bylaws, in the case of the Parent, or similar organizational documents, in the case of the Parent's other subsidiaries, or (B) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or to which it or any of its properties is subject, except, in the case of clause (A) (with respect to subsidiaries of the Parent other than the Company and the Significant Subsidiaries) and clause (B), for violations or defaults that would not, individually or in the aggregate, have a Material Adverse Effect;

(o) The statements set forth in the Pricing Prospectus and Prospectus under the captions "Description of the Notes" and "Description of AWCC Debt Securities and American Water Support Agreement", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Underwriting", insofar as they purport to describe the provisions of the documents described therein, and under the caption "Certain United States Federal Income Tax Considerations", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(p) Other than as set forth in the Pricing Prospectus, there are no legal or governmental proceedings pending to which the Parent, the Company or any of the Parent's other subsidiaries is a party or of which any property of the Parent, the Company or any of the Parent's other subsidiaries is the subject which would reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Parent's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(q) Neither the Parent nor the Company is, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof will be, required to register as an "investment company", as such term is defined in the Investment Company Act of 1940, as amended;

(r) (A) (i) At the time of filing the Registration Statement, (ii) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), and (iii) at the time the Parent or the Company or any person acting on the Parent's or the Company's behalf (within the meaning, for this clause only, of Rule 163(c) under the Act) made any offer relating to the Securities in reliance on the exemption of Rule 163 under the Act, the Parent and the Company were each a "well-known seasoned issuer" as defined in Rule 405 under the Act; and (B) at the earliest time after the filing of the Registration Statement that the Parent or the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Act) of the Securities, neither the Parent nor the Company was an "ineligible issuer" as defined in Rule 405 under the Act;

(s) PricewaterhouseCoopers LLP, which has certified certain financial statements of the Parent and its subsidiaries, is an independent registered public accounting firm with respect to the Parent and its subsidiaries as required by the Act and the rules and regulations of the Commission thereunder;

(t) Except as disclosed in the Pricing Prospectus, the Parent maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that complies in all material respects with the requirements of the Exchange Act and has been designed by the Parent's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Except as disclosed in the Pricing Prospectus, the Parent's internal control over financial reporting is effective and the Parent is not aware of any material weaknesses in its internal control over financial reporting;

(u) Except as disclosed in the Pricing Prospectus, since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, there has been no change in the Parent's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Parent's internal control over financial reporting;

(v) The Parent maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) that comply in all material respects with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Parent, the Company and each of the Parent's other subsidiaries is made known to the Parent's principal executive officer and principal financial officer by others within those entities; and, except as disclosed in the Pricing Prospectus, such disclosure controls and procedures are effective;

(w) The Parent, the Company and each of the Parent's other subsidiaries possess all permits, licenses, franchises, authorizations, registrations, qualifications and approvals of governmental or regulatory authorities as required of them to own their properties and conduct their businesses in the manner described in the Pricing Prospectus (collectively, "**Permits**"), except where the failure to possess such Permits would not, individually or in the aggregate, have a Material Adverse Effect; and the Parent, the Company and each of the Parent's other subsidiaries have fulfilled and performed all of their obligations with respect to such Permits required to have been performed, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, except, in each case, as disclosed in the Pricing Prospectus or would not, individually or in the aggregate, have a Material Adverse Effect;

(x) To the Parent's and the Company's knowledge, the Parent, the Company and each of the Parent's other subsidiaries own, possess or have the right to employ sufficient patents, patent rights, licenses, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, software, systems or procedures), trademarks, service marks and trade names, inventions, computer programs,

technical data and information (collectively, the "**Intellectual Property Rights**") reasonably necessary to conduct their business as now conducted, except where the failure to own, possess or have the right would not, individually or in the aggregate, have a Material Adverse Effect. None of the Parent, the Company or any of the Parent's other subsidiaries has received any notice of infringement or conflict with asserted rights of others with respect to any of the Intellectual Property Rights, whether or not arising from transactions in the ordinary course of business, except for such infringements or conflicts that would not, individually or in the aggregate, have a Material Adverse Effect. To the Parent's and the Company's knowledge, the use of the Intellectual Property Rights in connection with the business and operations of the Parent, the Company and each of the Parent's other subsidiaries does not infringe on the rights of any person;

(y) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i)(A) there has been no security breach or other compromise of or relating to any of the Parent's, the Company's or the Parent's other subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, the "**IT Systems and Data**") and (B) the Parent and the Company have not been notified of, and have no knowledge of any event, circumstance or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data and (ii) the Parent, the Company and the Parent's other subsidiaries are presently in compliance in all material respects with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of the IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, breach, misappropriation or modification. The Parent and the Company have implemented and maintain security controls, employee education and training programs, network security monitoring, and breach response, mitigation and recovery programs for the IT Systems and Data consistent with industry standards and practices. The Parent and the Company have implemented backup and disaster recovery technology consistent with industry standards and practices;

(z) Except as disclosed in the Pricing Prospectus, or as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Parent, the Company or any of the Parent's other subsidiaries (i) is in violation of any law, statute, or any rule, regulation, decision or order of any governmental agency or body or any court relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**Environmental Laws**"), (ii) owns or operates any real

property which, to the Parent's or the Company's knowledge, is contaminated with any substance that is regulated under any Environmental Laws, (iii) is, to the Parent's or the Company's knowledge, liable for any off-site disposal or contamination pursuant to any Environmental Laws, or (iv) has received any written notice of any claim under any Environmental Laws, and the Parent and the Company are not aware of any pending investigation which could reasonably be expected to lead to such a claim;

(aa) The Parent, the Company and each of the Parent's other subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are, in management's judgment, prudent and customary in the businesses in which they are engaged; within the past five years, none of the Parent, the Company or any such subsidiary has been refused any insurance coverage sought or applied for; and none of the Parent, the Company or any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect, except, in each case, as set forth in or contemplated in the Pricing Prospectus;

(bb) Neither the Parent nor the Company has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities;

(cc) The Parent is in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Parent as of the date hereof;

(dd) The Parent, the Company and each of the Parent's other subsidiaries have filed all federal, state and foreign tax returns, or have filed for extensions of the due dates of such returns, required to be filed and have paid all taxes shown as due thereon except where the failure to so file such returns would not, individually or in the aggregate, have a Material Adverse Effect; and other than tax deficiencies which the Parent, the Company or any of the Parent's other subsidiaries is contesting in good faith and for which the Parent, the Company or any of the Parent's other subsidiaries has provided adequate reserves, there is no tax deficiency that has been asserted in writing against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect; and the United States federal income tax returns of the Parent, the Company and each of the Parent's other subsidiaries through the fiscal year ended December 31, 2021 have been closed by statute and no assessment in connection therewith has been made against the Parent, the Company or any of the Parent's other subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect;

(ee) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is aware of or has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any bribe, unlawful rebate, payoff, influence payment, kickback or other unlawful payment;

(ff) The operations of the Company, the Parent and each of the Parent's other subsidiaries are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company, the Parent, or any of the Parent's other subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's knowledge, threatened; and

(gg) None of the Company, the Parent, any of the Parent's other subsidiaries or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company, the Parent, or any of the Parent's other subsidiaries is: (A) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), or His Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, without limitation, Cuba, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea region of Ukraine, the non-government controlled areas of the Kherson and Zaporizhzhia regions of Ukraine, Iran and North Korea), and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds, to any subsidiary, joint venture partner or other person or entity: (A) to fund or facilitate any activities or business of or with any person or in any country or territory that, at the time of such funding or facilitation, is, or whose government is, the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions.

Any certificate signed by any authorized officer of the Parent or the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Parent or the Company, as the case may be, as to matters covered thereby, to each Underwriter.

4. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of 99.273% of the principal amount thereof, including accrued interest, if any, from April 1, 2026 to the Time of Delivery (as defined in Section 6(a)), the principal amount of the Securities set forth opposite the name of such Underwriter in Schedule I hereto.

5. Upon the authorization by the Company of the release of the Securities, the several Underwriters propose to offer the Securities for sale upon the terms and conditions set forth in the Prospectus.

6. (a) The Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("**DTC**") or its designated custodian. The Company will deliver the Securities to the Representatives, for the account of the Underwriters, against payment by or on behalf of the Underwriters of the purchase price therefor by wire transfer of Federal (same day) funds, by causing DTC to credit the Securities to the account of the Representatives at DTC. The Company will cause the form of the certificates representing the Securities to be made available to the Representatives for checking at least twenty-four hours prior to the Time of Delivery hereunder at the office of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 (the "**Closing Location**"). The time and date of such delivery and payment shall be 9:30 a.m., Eastern time, on April 1, 2026 or such other time and date as the Representatives and the Company may agree upon in writing. Such time and date is herein called the "**Time of Delivery**".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 10 hereof, including the cross receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 10 hereof, will be delivered at the Closing Location, and the Securities will be delivered through the facilities of DTC, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Eastern time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Agreement, "**New York Business Day**" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City are generally authorized or obligated by law or executive order to close.

7. Each of the Parent and the Company, jointly and severally, agrees with each of the Underwriters:

(a) To prepare the Prospectus in a form approved by the Representatives and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement and to make no further amendment or any supplement to the Registration Statement, the Basic Prospectus or the Prospectus prior to the Time of Delivery without the consent of the Representatives promptly after reasonable notice thereof (which consent shall not be unreasonably withheld); to advise the Representatives, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish the Representatives with copies thereof; to prepare a final term sheet, containing solely a description of the Securities, in a form substantially consistent with Schedule III hereto and to file such term sheet pursuant to Rule 433(d) under the Act within the time required by such Rule; to file promptly all other material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to file promptly all reports and any definitive proxy or information statements required to be filed by the Parent or the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Securities; to advise the Representatives, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the Securities, of any notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act, of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, to promptly use its best efforts to obtain the withdrawal of such order; and in the event of any such issuance of a notice of objection, promptly to take such steps including, without limitation, amending the Registration Statement or filing a new registration statement, at its own expense, as may be necessary to permit offers and sales of the Securities by the Underwriters (references herein to the Registration Statement shall include any such amendment or new registration statement);

(b) If by the third anniversary (the "**Renewal Deadline**") of the initial effective date of the Registration Statement any of the Securities remain unsold by the Underwriters, the Parent will file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Securities, in a form satisfactory to the Representatives. If at the Renewal Deadline the Parent is no longer eligible to file an automatic shelf registration statement, the Parent will, if it has not already done so, file a new shelf registration statement relating to the Securities, in a form satisfactory to the Representatives and will use its best efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Parent will take all other action necessary or appropriate to permit the public offering and sale of the Securities to continue as contemplated in the expired registration statement relating to the Securities. References herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be;

(c) Promptly from time to time to take such action as the Representatives may reasonably request to qualify the Securities for offering and sale under the securities laws of such U.S. jurisdictions as the Representatives may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities; *provided* that in connection therewith neither the Parent nor the Company shall be required to qualify as a foreign corporation or as a dealer in securities or to file a general consent to service of process or subject itself to taxation for doing business in any jurisdiction;

(d) To use reasonable efforts to furnish to the Underwriters as soon as practicable after the date of this Agreement but no later than 5:30 p.m., Eastern time, on the second New York Business Day immediately succeeding the date of this Agreement and from time to time, with printed and electronic copies of the Prospectus in such quantities as the Representatives may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is, based on advice of counsel, required at any time during the period from the time of issue of the Prospectus until the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Securities and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus or to file under the Exchange Act any document incorporated by reference in the Prospectus in order to comply with the Act or the Exchange Act, to notify the Representatives and upon the request of the Representatives to file such

document and to prepare and furnish without charge to each Underwriter and to any dealer in securities as many printed and electronic copies as the Representatives may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the Securities at any time nine months or more after the time of issue of the Prospectus, upon the request of the Representatives but at the expense of such Underwriter, to prepare and deliver to such Underwriter as many printed and electronic copies as the Representatives may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(e) To make generally available to its securityholders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), an earnings statement of the Parent and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Parent, Rule 158);

(f) During the period beginning from the date hereof and continuing until the Time of Delivery, not to offer, sell, contract to sell, or otherwise dispose of, except as provided hereunder, any securities of the Parent or the Company that are substantially similar to the Securities without the Representatives' prior written consent;

(g) To take all reasonable action necessary to enable S&P Global Ratings, a division of S&P Global Inc., and Moody's Investors Service, Inc. to provide their respective credit ratings of the Securities;

(h) During a period of three years from the effective date of the Registration Statement, to furnish to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Parent and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to the holders of the Securities consolidated summary financial information of the Parent and its subsidiaries for such quarter in reasonable detail; *provided, however*, that the Parent and the Company may satisfy the requirements of this subsection by making any such reports, communications or information available on its website or by filing such information with the Commission via EDGAR or any successor filing system thereto;

(i) To use the net proceeds received by the Company from the sale of the Securities pursuant to this Agreement in the manner specified in the Pricing Prospectus under the caption "Use of Proceeds";

(j) To pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) under the Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Act; and

(k) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Parent's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose of facilitating the on-line offering of the Securities (the "**License**"); *provided*, *however*, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred.

8. (a) (i) Each of the Parent and the Company represents and agrees that, other than the final term sheet in a form substantially consistent with Schedule III hereto and filed pursuant to Section 7(a) hereof, without the prior written consent of the Representatives, it has not made and will not make any offer relating to the Securities that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; (ii) each Underwriter represents and agrees that, without the prior written consent of the Company, other than one or more term sheets relating to the Securities substantially consistent with Schedule III hereto, containing no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included in the Preliminary Prospectus or Pricing Prospectus, it has not made and will not make any offer relating to the Securities that would constitute a free writing prospectus; and (iii) any such free writing prospectus the use of which has been consented to by the Company and the Representatives is listed on Schedule II hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or, when taken together with the Pricing Prospectus, would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representatives

and, if requested by the Representatives, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; *provided, however*, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with the Underwriter Information.

9. Each of the Parent and the Company covenants and agrees with the several Underwriters that the Parent and the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Parent's and the Company's counsel and accountants in connection with the registration of the Securities under the Act and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any agreement among Underwriters, this Agreement, the Indenture, the Support Agreement, any Blue Sky survey, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 7(c) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any Blue Sky survey; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture, the Securities and the Support Agreement; and (vii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section; *provided, however*, that reimbursements to the Underwriters, if any, shall be limited to expenses actually incurred; and *provided further* that in the case of clause (iii), the Parent and the Company shall not be requested to cover expenses of counsel for the Underwriters in excess of $5,000 in the aggregate.

10. The obligations of the Underwriters hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Parent and the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Parent and the Company shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 7(a) hereof; the final term sheet contemplated by Section 7(a) hereof, and any other material required to be filed by the Company

pursuant to Rule 433(d) under the Act, shall have been filed with the Commission within the applicable time period prescribed for such filings by Rule 433; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission and no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Act shall have been received; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to the reasonable satisfaction of the Representatives;

(b) Sullivan & Cromwell LLP, counsel for the Underwriters, shall have furnished to the Representatives such written opinions, dated the Time of Delivery, in form and substance satisfactory to the Representatives, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) Morgan, Lewis & Bockius LLP, counsel for the Company, shall have furnished to the Representatives their written opinion and 10b-5 statement, each dated the Time of Delivery, in the form attached as Annexes II-A and II-B hereto;

(d) Jeffrey M. Taylor, Secretary of the Company and Senior Vice President, Chief SEC Counsel and Secretary of the Parent, shall have furnished to the Representatives his written opinion, dated the Time of Delivery, in the form attached as Annex III hereto;

(e) (i) On the date of this Agreement, (ii) on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and (iii) at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to the Representatives a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Representatives, to the effect set forth in Annex I hereto;

(f) (i) Since the date of the latest audited financial statements included or incorporated by reference in the Pricing Prospectus, none of the Parent, the Company or any of the Parent's other subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree and (ii) since the date as of which information is given in the Pricing Prospectus there has not been (A) any material decrease in the number of shares of outstanding capital stock of the Parent or increase in consolidated long-term debt of the Parent and its consolidated subsidiaries, or (B) any change, or any development involving a

prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Parent, the Company and the Parent's other subsidiaries, otherwise, in any such case described in clause (i) or (ii), than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus;

(g) On or after the Applicable Time, (i) no downgrading shall have occurred in the rating accorded the Parent's or the Company's debt securities by S&P Global Ratings, a division of S&P Global Inc., or Moody's Investors Service, Inc., each a "nationally recognized statistical rating organization", as that term is defined by Section 3(a)(62) of the Exchange Act, and (ii) neither such organization shall have publicly announced (other than any announcement made prior to the Applicable Time) that it has under surveillance or review, with possible negative implications, its rating of any of the Parent's or the Company's debt securities;

(h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Parent's or the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus; and

(i) Each of the Parent and the Company shall have furnished or caused to be furnished to the Representatives at the Time of Delivery certificates of officers of the Parent and the Company reasonably satisfactory to the Representatives as to the accuracy of the representations and warranties of the Parent and the Company, respectively, herein at and as of the Time of Delivery, as to the performance by the Parent and the Company of all their respective obligations hereunder to be performed at or prior to the Time of Delivery, as to the matters set forth in subsections (a), (f) and (g) of this Section 10 and as to such other matters as the Representatives may reasonably request.

11. (a) The Parent and the Company will, jointly and severally, indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that the Parent and the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information.

(b) Each Underwriter will, severally and not jointly, indemnify and hold harmless the Parent and the Company against any losses, claims, damages or liabilities, joint or several, to which the Parent or the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the Basic Prospectus, any Preliminary Prospectus, the Pricing Prospectus, the Pricing Disclosure Package or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with the Underwriter Information; and will reimburse the Parent and the Company for any legal or other expenses reasonably incurred by the Parent or the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ one separate counsel, and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate firm (in addition to one local counsel in each jurisdiction) if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) in an action where both the indemnifying and the indemnified party are actual or potential defendants, the indemnified party shall have reasonably concluded that there are actual or potential conflicting interests between the indemnifying party and the indemnified party, including situations in which there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. No indemnified party shall, without the written consent of the indemnifying party (such consent not to be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder.

(d) If the indemnification provided for in this Section 11 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Parent and the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Parent and the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Parent and the Company bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Parent or the Company on the one hand or the Underwriter Information on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Parent, the Company, and the Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages

which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Parent and the Company under this Section 11 shall be in addition to any liability which the Parent and the Company may otherwise have and shall extend, upon the same terms and conditions, to the directors, officers, employees and agents of each Underwriter and to each person, if any, who controls any Underwriter within the meaning of the Act and each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 11 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Parent or the Company and to each person, if any, who controls the Parent or the Company within the meaning of the Act.

12. (a) If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, the Representatives may in their discretion arrange for any of the Representatives or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Underwriter the Representatives do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to the Representatives to purchase such Securities on such terms. In the event that, within the respective prescribed periods, the Representatives notify the Company that they have so arranged for the purchase of such Securities, or the Company notifies the Representatives that it has so arranged for the purchase of such Securities, the Representatives or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Representatives may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section 12 with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the

Company shall have the right to require each non-defaulting Underwriter to purchase the principal amount of Securities which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the principal amount of Securities which such Underwriter agreed to purchase hereunder) of the Securities of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Underwriter or Underwriters by the Representatives and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Securities of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate without liability on the part of any non-defaulting Underwriter or the Company, except for the expenses to be borne by the Company and the Underwriters as provided in Section 9 hereof and the indemnity and contribution agreements in Section 11 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

13. The respective indemnities, agreements, representations, warranties and other statements of the Parent, the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, the Parent or the Company, or any officer or director or controlling person of the Parent or the Company, and shall survive delivery of and payment for the Securities.

14. If for any reason, other than a default by the Underwriters in their obligation to purchase the Securities, any Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Underwriters through the Representatives for all reasonable expenses approved in writing by the Representatives, including reasonable fees and disbursements of counsel, incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Securities not so delivered, but the Parent and the Company shall then be under no further liability to the Underwriters except as provided in Sections 9 and 11 hereof.

15. In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives jointly.

16. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail or facsimile transmission to the Representatives in care of: Wells Fargo Securities, LLC, 550 South Tryon Street, 5th Floor, Charlotte, NC 28202, Attention: Transaction Management, e-mail: tmgcapitalmarkets@wellsfargo.com; PNC Capital Markets LLC, 300 Fifth Avenue, 10th Floor, Pittsburgh, PA 15222, Attention: Debt Capital Markets, Fixed Income Transaction Execution, or by email at capitalmarketsnotices@pnc.com; RBC Capital Markets, LLC, Brookfield Place, 200 Vesey Street, 8th Floor, New York, NY 10281, Attention: DCM Transaction Management/Scott Primrose, telephone: (212) 618-7706, e-mail: TMGUS@rbccm.com; or U.S. Bancorp Investments, Inc., 214 North Tryon Street, 26th Floor Charlotte, NC 28202-1078, Attention: Investment Grade Syndicate or facsimile transmission to (877) 774-3462; and if to the Parent or the Company shall be delivered or sent by mail to the address of the Parent set forth in the Registration Statement, or email at stacy.mitchell@amwater.com, Attention: Stacy A. Mitchell, Executive Vice President and General Counsel. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

17. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Parent and the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

18. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Parent and the Company and, to the extent provided in Sections 11 and 13 hereof, the officers and directors of the Parent and the Company and each person who controls the Parent and the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

19. Time shall be of the essence of this Agreement. As used herein, the term "**business day**" shall mean any day when the Commission's office in Washington, D.C. is open for business.

20. The Parent and the Company acknowledge and agree that (i) the purchase and sale of the Securities pursuant to this Agreement is an arm's-length commercial transaction between the Parent and the Company, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not as an agent or fiduciary of the Parent or the Company, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the

Parent or the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Parent or the Company) or any other obligation to the Parent or the Company except the obligations expressly set forth in this Agreement and (iv) the Parent and the Company have consulted their own legal and financial advisors to the extent they deemed appropriate. The Parent and the Company agree that they will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Parent or the Company, in connection with such transaction or the process leading thereto.

21. This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Parent, the Company and the Underwriters, or any of them, with respect to the subject matter hereof.

22. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

23. THE PARENT, THE COMPANY AND EACH OF THE UNDERWRITERS HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, or other transmission method), and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

25. Notwithstanding anything herein to the contrary, each of the Parent and the Company are authorized to disclose to any persons the tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Parent and the Company relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, “tax treatment” means U.S. Federal and State income tax treatment, and “tax structure” is limited to any facts that may be relevant to that treatment.

26. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a State of the United States.

(c) For purposes of this Section 26, the following terms shall have the meanings indicated:

(i)"**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

(ii)"**Covered Entity**" means any of the following: (A) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (B) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (C) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

(iii)"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

(iv)"**U.S. Special Resolution Regime**" means each of (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding, please sign and return to us a counterpart hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters, the Parent and the Company.

Very truly yours,

AMERICAN WATER CAPITAL CORP.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

AMERICAN WATER WORKS COMPANY, INC.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

[Signature Page to the Underwriting Agreement]

Accepted as of the date hereof:

Wells Fargo Securities, LLC
PNC Capital Markets LLC
RBC Capital Markets, LLC
U.S. Bancorp Investments, Inc.

On behalf of each of the Underwriters

WELLS FARGO SECURITIES, LLC

By: /s/ CAROLYN HURLEY
Name: Carolyn Hurley
Title: Managing Director

PNC CAPITAL MARKETS LLC

By: /s/ VALERIE SHADECK
Name: Valerie Shadeck
Title: Managing Director

RBC CAPITAL MARKETS, LLC

By: /s/ JOHN M. SCONZO
Name: John M. Sconzo
Title: Managing Director

U.S. BANCORP INVESTMENTS, INC.

By: /s/ BRENT KREISSL
Name: Brent Kreissl
Title: Managing Director

SCHEDULE I

	Principal Amount of the Securities to be Purchased
Wells Fargo Securities, LLC	$ 115,500,000
PNC Capital Markets LLC	$ 101,500,000
RBC Capital Markets, LLC	$ 101,500,000
U.S. Bancorp Investments, Inc.	$ 101,500,000
BofA Securities, Inc.	$ 42,000,000
J.P. Morgan Securities LLC	$ 42,000,000
Mizuho Securities USA LLC	$ 42,000,000
TD Securities (USA) LLC	$ 38,500,000
Truist Securities, Inc.	$ 38,500,000
Huntington Securities, Inc.	$ 14,000,000
Regions Securities LLC	$ 14,000,000
Scotia Capital (USA) Inc.	$ 14,000,000
BNY Mellon Capital Markets, LLC	$ 10,500,000
Siebert Williams Shank & Co., LLC	$ 10,500,000
Academy Securities, Inc.	$ 3,500,000
Independence Point Securities LLC	$ 3,500,000
Roberts & Ryan, Inc.	$ 3,500,000
Samuel A. Ramirez & Company, Inc.	$ 3,500,000
Total	$ 700,000,000

SCHEDULE II

a) Issuer Free Writing Prospectuses included in the Pricing Disclosure Package: Final term sheet attached hereto as Schedule III.

SCHEDULE III

March 30, 2026

American Water Capital Corp.
American Water Works Company, Inc.

$700,000,000 5.200% Senior Notes due 2036

Issuer:	American Water Capital Corp.
Support Provider:	American Water Works Company, Inc.
Security:	5.200% Senior Notes due 2036
Size:	$700,000,000
Trade Date:	March 30, 2026
Settlement Date:	April 1, 2026 (T+2)*
Maturity Date:	April 1, 2036
Benchmark Treasury:	UST 4.125% due February 15, 2036
Benchmark Treasury Yield:	4.340%
Spread to Benchmark Treasury:	+87 bps
Yield to Maturity:	5.210%
Coupon:	5.200%
Price to Public:	99.923% of the principal amount
Interest Payment Dates:	April 1 and October 1 of each year, beginning on October 1, 2026
Redemption Provisions:	
Make-whole call:	Treasury Rate +15 bps
Par call:	On or after January 1, 2036
CUSIP:	03040WBH7
ISIN:	US03040WBH79
Ratings[(1)]:	[Intentionally Omitted]
Joint Book-Running Managers:	Wells Fargo Securities, LLC PNC Capital Markets LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. BofA Securities, Inc. J.P. Morgan Securities LLC Mizuho Securities USA LLC TD Securities (USA) LLC Truist Securities, Inc.
Sr. Co-Managers:	Huntington Securities, Inc. Regions Securities LLC Scotia Capital (USA) Inc.
Co-Managers:	BNY Mellon Capital Markets, LLC Siebert Williams Shank & Co., LLC

Jr. Co-Managers:	Academy Securities, Inc. Independence Point Securities LLC Roberts & Ryan, Inc. Samuel A. Ramirez & Company, Inc.

(1) Neither of these ratings is a recommendation to buy, sell or hold these securities. Each rating may be subject to revision or withdrawal at any time, and should be evaluated independently of any other rating.

The term "Treasury Rate" has the meaning ascribed to that term in the Issuer's Preliminary Prospectus Supplement, dated March 30, 2026.

*Theunderwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about the second business day following the date of the prospectus supplement, or "T+2". Trades of securities in the secondary market generally are required to settle in one business day, referred to as T+1, unless the parties to a trade agree otherwise. Accordingly, by virtue of the fact that the initial delivery of the notes will not be made on a T+1 basis, investors who wish to trade the notes prior to the first business day before delivery of the notes will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the notes who wish to trade the notes on any date prior to the first business day before delivery should consult their own advisors.

The Issuer and the Support Provider have filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer and the Support Provider have filed with the SEC for more complete information about the Issuer, the Support Provider and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter participating in the offering will arrange to send you the prospectus if you request it by calling Wells Fargo Securities, LLC toll free at 1-800-645-3751, PNC Capital Markets LLC toll free at (855) 881-0697, RBC Capital Markets, LLC toll free at (866) 375-6829, or U.S. Bancorp Investments, Inc. toll free at (877) 558-2607.

SCHEDULE IV

Significant Subsidiaries of the Parent

Illinois-American Water Company
Missouri-American Water Company
New Jersey-American Water Company, Inc.
Pennsylvania-American Water Company

AMERICAN WATER CAPITAL CORP.

OFFICERS' CERTIFICATE

April 1, 2026

5.200% SENIOR NOTES DUE 2036

PURSUANT TO SECTIONS 102 AND 301 OF THE INDENTURE IDENTIFIED BELOW

The undersigned officers of American Water Capital Corp., a Delaware corporation (the "Company"), acting pursuant to an authorization contained in the unanimous written consent, dated March 27, 2026 of the Board of Directors of the Company (the "Board Resolutions"), and Sections 102 and 301 of the Indenture, dated as of December 4, 2009 (the "Indenture", and unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them therein), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), do hereby certify as follows:

1) There is hereby established under the Indenture the following series of debt securities of the Company, and the terms of such series (the "Series") are as follows:

   a) The Series shall be known and designated as the "5.200% Senior Notes due 2036" of the Company (the "Securities");

   b) The terms of the Securities are as set forth in Annex A hereto;

   c) The Securities shall be redeemable at the option of the Company as specified and subject to the limitations set forth in Annex A hereto;

   d) The Securities shall not be entitled to the benefits of any sinking fund or analogous provisions;

   e) The covenants and definitions set forth in Article 8 and Article 10 of the Indenture apply to the Securities;

   f) The Securities shall be subject to defeasance as specified and subject to the limitations set forth in Annex A hereto;

   g) The Securities will be issued in the form of one or more fully registered Global Securities which are exchangeable from time to time for fully registered certificated securities in accordance with the terms of the Indenture; and

   h) The Company will not pay additional amounts on the Securities held by a non-U.S. person in respect of taxes or similar charges withheld or deducted;

2) The undersigned have read the provisions of the Indenture relating to the authentication and delivery of securities thereunder, including Sections 201, 301 and 303 thereof and the definitions relating thereto;

3) The undersigned have read the Board Resolutions authorizing the issuance of the Securities and the taking of any action by such officers of the Company in connection therewith, and have made such investigation or examination as is necessary, in the opinion of the undersigned, to enable the undersigned to express an informed opinion as to whether the covenants and conditions precedent to the action to be taken by the Trustee in authenticating and delivering the Securities under the Indenture have been complied with;

4) In the opinion of the undersigned, such covenants and conditions precedent have been complied with; and

5) The Securities are “Debt” under the Support Agreement, dated June 22, 2000 and amended as of July 26, 2000, between American Water Works Company, Inc. and the Company.

IN WITNESS WHEREOF, we have hereunto signed our names as of the date first written above.

By: /s/ NICHOLAS F. FURIA
Name: Nicholas F. Furia
Title: Vice President and Treasurer

By: /s/ JEFFREY M. TAYLOR
Name: Jeffrey M. Taylor
Title: Secretary

ANNEX A

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

American Water Capital Corp.
5.200% Senior Notes due 2036

CUSIP No. 03040W BH7
ISIN No. US03040WBH79

No R. $

American Water Capital Corp., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of _____ Dollars on April 1, 2036, and to pay interest thereon from April 1, 2026 or from the most recent Interest Payment Date to which interest has been paid or as duly provided for semi-annually on April 1 and October 1, in arrears, commencing October 1, 2026, and on any earlier Redemption Date (as defined herein), at the rate of 5.200% per annum, until the principal hereof is paid or made available for payment. Interest on this Security shall be computed assuming a 360-day year consisting of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Security will be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts (i) with respect to any Global Security, by wire transfer of immediately available funds to the accounts specified by the Holder of such Global Security or (ii) with respect to any certificated Security, by wire transfer of immediately available funds to the respective accounts specified by the Holders of such certificated Security or, if no such account is specified, by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

AMERICAN WATER CAPITAL CORP.

By _____

TRUSTEE'S CERTIFICATION OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, N.A., *As Trustee*

By _____
Authorized Signatory

Dated:

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of December 4, 2009 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

The Company may from time to time, without the consent of the Holders, create and issue Additional Securities, so that each such further issue shall be consolidated and form a single series with the Outstanding Securities of this series.

All or a portion of the Securities of this series may be redeemed at the option of the Company at any time or from time to time (each, a "Redemption Date"). Prior to January 1, 2036 (the "Par Call Date"), the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

- (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the Redemption Date (assuming the Securities of this series matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points less (b) interest accrued to the Redemption Date, and
- 100% of the principal amount of the Securities of this series to be redeemed,

plus, in either case, accrued and unpaid interest thereon to that Redemption Date.

On or after the Par Call Date, the Company may redeem the Securities of this series at its option, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest thereon to the Redemption Date.

"*Treasury Rate*" means, with respect to any Redemption Date for the Securities of this series, the yield determined by the Company in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Company after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("H.15") under the caption "U.S. government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the Company shall select, as applicable:

(1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Redemption Date to the Par Call Date (the "Remaining Life"); or

(2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields—one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or

(3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life.

For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Redemption Date.

If on the third business day preceding the Redemption Date H.15 TCM is no longer published, the Company shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Company shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Company shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Company's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notices of redemption will be given in accordance with the Indenture at least 30 but not more than 60 days before a Redemption Date, except that redemption notices may be sent more than 60 days prior to a Redemption Date if the notice is issued in connection with a satisfaction and discharge of the Indenture.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

In connection with any proposed transfer of this Security if this Security ceases to be a Global Security, the Company or DTC shall be required to provide or cause to be provided to the Trustee all information that is (i) available to the Company or the DTC, as applicable, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and (iii) specifically and timely requested in writing by the Trustee. Any transferor shall also provide or cause to be provided to the Trustee all information that is (i) available to such transferor, (ii) necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, and (iii) specifically and timely requested by the Trustee. The Trustee may rely on information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Securities of this series are issuable only in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

Morgan Lewis

April 1, 2026

American Water Works Company, Inc.
American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Ladies and Gentlemen:

We have acted as counsel to American Water Works Company, Inc., a Delaware corporation ("AWW"), and American Water Capital Corp., a Delaware corporation (the "Company"), in connection with the issuance by the Company of $700,000,000 aggregate principal amount of its 5.200% Senior Notes due 2036 (the "Notes"), issued under the Indenture, dated as of December 4, 2009 (the "Indenture"), between the Company and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Notes have the benefit of the Support Agreement, dated June 22, 2000, as amended as of July 26, 2000, between the Company and AWW (the "Support Agreement").

We have participated in the preparation of or reviewed (1) the Registration Statement on Form S-3 (Registration Nos. 333-277166-01 and 333-277166) (the "Registration Statement"), which Registration Statement was filed jointly by the Company and AWW with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"); (2) the prospectus dated February 20, 2024 (the "Base Prospectus"), forming a part of the Registration Statement, as supplemented by a prospectus supplement dated March 30, 2026 (the "Prospectus Supplement") relating to the Notes, both such prospectus and prospectus supplement filed pursuant to Rule 424(b) under the Securities Act; (3) the Indenture; (4) the Support Agreement; (5) the certificate of incorporation of the Company; (6) the by-laws, as amended, of the Company; (7) the restated certificate of incorporation of AWW; (8) the amended and restated bylaws of AWW; and (9) such other corporate records, certificates and other documents (including a receipt executed on behalf of the Company acknowledging receipt of payment for the Notes) and such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that the Notes and the Support Agreement, as it relates to the Notes, are valid and binding obligations of the Company and AWW, respectively, except as may be limited or affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights and remedies generally and general principles of equity.

Morgan, Lewis & Bockius LLP

101 Park Avenue
New York, NY 10178-0060
United States

T +1.212.309.6000
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In rendering the foregoing opinion, we have assumed that the certificates representing the Notes conform to specimens examined by us and that the Notes have been duly authenticated, in accordance with the Indenture, by the Trustee under the Indenture and that the signatures on all documents examined by us are genuine, assumptions which we have not independently verified.

We hereby consent to the reference to us under the heading “Legal Matters” in the Prospectus Supplement, to the references to us in the Registration Statement, including under the heading “Legal Matters” in the Base Prospectus, and to the filing of this opinion as an exhibit to AWW’s Current Report on Form 8-K to be filed on or about the date hereof, which will be incorporated by reference in the Registration Statement. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

This opinion is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware and the federal laws of the United States insofar as they bear on matters covered hereby.

Very truly yours,

/s/ MORGAN, LEWIS & BOCKIUS LLP

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 29, 2026

American Water Works Company, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-34028

Delaware	**51-0063696**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

1 Water Street
Camden, NJ 08102-1658
(Address of principal executive offices, including zip code)
(856) 955-4001
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On April 29, 2026, American Water Works Company, Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2026. A copy of the press release has been included as Exhibit 99.1 and is incorporated by reference herein.

The information furnished in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits to this Current Report have been provided herewith (as noted below):

Exhibit	Description
99.1*	Press Release, dated April 29, 2026, issued by American Water Works Company, Inc.
104	Cover Page Interactive Data File (the cover page XBRL tags are included and formatted as Inline XBRL)

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN WATER WORKS COMPANY, INC.

Dated: April 29, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer

Press Release

AMERICAN WATER

April 29, 2026

Investor Contact:
Aaron Musgrave
Vice President, Investor Relations
856-955-4029
aaron.musgrave@amwater.com

Media Contact:
Maureen Duffy
Executive Vice President, Communications and External Affairs
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AMERICAN WATER REPORTS FIRST QUARTER 2026 RESULTS ON TRACK AFFIRMS 2026 EPS GUIDANCE AND LONG-TERM TARGETS

- **First quarter 2026 GAAP earnings were $1.00 per share, compared to $1.05 per share in 2025**
  - **Excluding transaction costs for the proposed Essential Utilities merger and incremental interest income from the repaid HOS secured seller note, first quarter 2026 adjusted earnings of $1.01 per share, compared to $1.02 per share in the same quarter in 2025**
- **2026 earnings per share guidance range of $6.02 to $6.12 affirmed**
- **Announced quarterly cash dividend of $0.8950 per share of common stock, payable in June, an increase of 8.2%**
- **Successfully issued in April $700 million of 5.200% senior notes due 2036**

CAMDEN, N.J., April 29, 2026 - American Water Works Company, Inc. (NYSE: AWK) today reported adjusted results for the quarter ended March 31, 2026, of $1.01 per share, compared to $1.02 per share for the same quarter in 2025.

“The company has delivered solid first quarter results and we are affirming our long-term targets for both earnings and dividend growth at 7 to 9 percent,” said John Griffith, President and CEO of American Water. “We are also encouraged with the progress we and Essential have made thus far in merger integration planning work and were pleased to receive the first state regulatory approval for the merger last week in Kentucky,” added Griffith.

2026 EPS Guidance and Long-Term Financial Targets Affirmed

The company affirms its 2026 adjusted earnings per share (“EPS”) guidance range of $6.02 to $6.12 (non-GAAP). The 2026 adjusted EPS guidance range does not include (i) transaction costs to be incurred by the company during 2026 related to the proposed merger with Essential Utilities, Inc. (“Essential Utilities”), (ii) impacts of weather, if any, during 2026, and (iii) incremental interest income through February 13, 2026 related to the 2024 amendment of the former Homeowner Services Group (“HOS”) secured seller note. Management is unable to present a reconciliation of the adjusted EPS guidance range to a GAAP guidance range without unreasonable effort because management cannot reliably predict the nature, amount or probable significance of all of such adjustments for future periods; however, these adjustments may, individually or in the aggregate, cause adjusted EPS to differ significantly from GAAP EPS. The company also affirms its long-term financial targets, including its long-term EPS and dividend growth rate targets of 7-9%. The company’s earnings forecasts are subject to numerous risks and uncertainties, including, without limitation, those described under “Adjustments to GAAP” and “Cautionary Statement Concerning Forward-Looking Statements” below and under “Risk Factors” in its annual, quarterly, and current reports filed with the Securities and Exchange Commission (“SEC”).

Consolidated Results Adjusted Earnings per Share Reconciliation (A Non-GAAP, unaudited measure)

	For the Three Months Ended March 31,	
	2026	2025
Diluted earnings per share (GAAP):		
Net income attributable to shareholders	$ 1.00	$ 1.05
Non-GAAP adjustments:		
Estimated impact of weather	—	—
Income tax impact	—	—
Net non-GAAP adjustment	—	—
Incremental interest income from amended HOS seller note	(0.01)	(0.04)
Income tax impact	—	0.01
Net non-GAAP adjustment	(0.01)	(0.03)
Transaction costs associated with the pending merger with Essential	0.03	—
Income tax impact	(0.01)	—
Net non-GAAP adjustment	0.02	—
Total net adjustments	0.01	(0.03)
Adjusted diluted earnings per share (non-GAAP)	$ 1.01	$ 1.02

For the three months ended March 31, 2026, adjusted earnings per share (a non-GAAP measure) were $1.01, compared to $1.02 per share in the same period in 2025. Revenue growth through the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments was offset by increased operating costs and higher depreciation and financing costs to support the current capital investment plan.

During the first three months of 2026, the company invested $652 million. The company plans to invest a total of approximately $3.7 billion across its footprint in 2026, including acquisitions.

Regulated Businesses

In the first quarter of 2026, the Regulated Businesses' net income was $208 million, compared to $201 million for the same period in 2025.

Operating revenues increased $62 million for the three months ended March 31, 2026, as compared to the same period in 2025. The increase in operating revenues was primarily a result of authorized revenue increases from completed general rate cases and infrastructure proceedings for the recovery of incremental capital and acquisition investments, as well as incremental revenue from closed acquisitions.

Since January 1, 2026, the company has been authorized additional annualized revenues of $89 million, with $36 million from general rate cases and $53 million from infrastructure surcharges. The company has general rate cases in progress in five jurisdictions and has filed for an infrastructure surcharge in one jurisdiction, reflecting a total annualized revenue request of $518 million.

Operating expenses were higher by $44 million for the three months ended March 31, 2026, as compared to the same period in 2025, due in part to increased production costs from higher purchased water cost and usage and increased purchased power and chemicals costs. Operating expenses also include depreciation expense, which was higher by $21 million in the same period, due to the increase in capital investment.

Interest expense was higher by $12 million for the three months ended March 31, 2026, as compared to the same period in 2025, as a result of incremental short and long-term debt primarily to fund capital investments.

Dividends

On March 3, 2026, the company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of February 10, 2026.

On April 29, 2026, the company's Board of Directors declared a quarterly cash dividend payment of $0.8950 per share, payable on June 2, 2026, to shareholders of record as of May 12, 2026, representing an 8.2% increase over last quarter's common stock dividend.

2026 First Quarter Earnings Conference Call

The conference call to discuss the first quarter 2026 earnings, 2026 adjusted EPS guidance, and affirmation of long-term targets will take place on Thursday, April 30, 2026, at 9 a.m. Eastern Time. Interested parties may listen to an audio webcast through a link on the company's Investor Relations website at ir.amwater.com. Presentation slides that will be used in conjunction with the earnings conference call will also be made available online in advance at ir.amwater.com. The company recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under SEC Regulation FD.

Following the earnings conference call, a replay of the audio webcast will be available for one year on American Water's Investor Relations website at ir.amwater.com/events.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 7,000 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit amwater.com and join American Water on LinkedIn, Facebook, X and Instagram.

Throughout this press release, unless the context otherwise requires, references to the "company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. All statements related to earnings and earnings per share refer to diluted earnings and earnings per share.

Adjustments to GAAP

This press release includes presentations of consolidated adjusted diluted EPS, both as historical financial information and as earnings guidance. These presentations of adjusted EPS constitute "non-GAAP financial measures" under SEC rules. The most directly comparable GAAP measure for historical adjusted EPS is the reported diluted earnings per share (GAAP) and is reconciled in this press release. See "2026 EPS Guidance and Long-Term Financial Targets Affirmed" above for more information on adjustments made to diluted EPS for purposes of earnings guidance.

These non-GAAP financial measures are derived from the company's consolidated financial information but are not presented in the financial statements prepared in accordance with GAAP. These measures should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. The company believes that these non-GAAP measures provide investors with useful information by excluding certain matters that may not be indicative of the company's ongoing operating results, and, with respect to weather, to provide for a measure of the company's operating performance without the variability of estimated weather impacts, and that providing these non-GAAP measures will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the company's results of operations. Although management uses these non-GAAP financial measures internally to evaluate the company's results of operations, management does not intend results reflected by these non-GAAP measures to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. In addition, these non-GAAP financial measures as defined and used above may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, they may have significant limitations on their use.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements made, referred to or relied upon in this press release including, without limitation, 2026 adjusted earnings per share guidance, the company's long-term financial, growth and dividend targets, the ability to achieve the company's strategies and goals, customer affordability and acquired customer growth, the outcome of the company's pending acquisition activity (including, without limitation, with respect to the proposed merger with Essential Utilities and the proposed acquisition

of systems owned indirectly by Nexus Water Group, Inc.), the amount and allocation of projected capital expenditures, the company's capital recovery outlook, and estimated revenues from rate cases and other government agency authorizations, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could" and or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The company's actual results may vary materially from those discussed in the forward-looking statements included in this press release as a result of the factors discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2025, and subsequent filings with the SEC, and because of factors such as: the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates; the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions; changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise; limitations on the availability of the company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors; a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors; present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations; the company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection; weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares; the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions; the risks associated with the company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses; exposure or infiltration of the company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto; the company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities; changes in the company's capital requirements; the company's ability to control operating expenses and to achieve operating efficiencies, and the company's ability to create, maintain and promote initiatives and programs that support the affordability of the company's regulated utility services; the intentional or unintentional actions of a third party, including contamination of the company's water supplies or the water provided to its customers; the company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the company's business operations; the company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to: acquiring, closing and successfully integrating regulated operations, including without limitation the company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations; the company's Military Services Group entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and realizing anticipated benefits and synergies from new acquisitions; in addition to the foregoing, various risks and other uncertainties associated with the company's merger agreement with Essential Utilities and the related proposed merger, including: a fixed exchange ratio that will not adjust or account for fluctuations in the company's or Essential Utilities' stock price; limitations on the parties' ability to pursue alternatives to the proposed merger; an event, change or other circumstance that could give rise to the termination of the merger agreement; a delay in the timing to consummate the proposed merger; each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger); financial impacts of the proposed merger on the company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts; any impact of the proposed merger on the company's and the combined company's ability to declare and pay quarterly dividends on its common stock; the risk of litigation related to the proposed

merger; changes in the parties' key management and personnel; the amount and nature of incurred transaction costs associated with the proposed merger; and reduced ownership and voting interests for the company's and Essential Utilities' shareholders upon completion of the proposed merger; in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including: the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement; the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the company to complete, the acquisition, on the company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and any requirement by the company to pay a termination fee in the event the closing does not occur; risks and uncertainties following the completion of the sale of HOS, including the ability of the company to redeploy successfully and timely the net proceeds of this transaction into the company's Regulated Businesses; risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations; cost overruns relating to improvements in or the expansion of the company's operations; the company's ability to successfully develop and implement new technologies and to protect related intellectual property; the company's ability to maintain safe work sites; the company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers; the ability of energy providers, state governments and other third parties to achieve or fulfill their greenhouse gas emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans; with respect to any of the company's forward sale agreements: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom; changes in general economic, political, business and financial market conditions; access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures; fluctuations in inflation or interest rates, and the company's ability to address or mitigate the impacts thereof; the ability to comply with affirmative or negative covenants in the current or future indebtedness of the company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions; fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements; changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the company's compliance with, the terms of applicable tax credits and tax abatement programs; migration of customers into or out of the company's service territories and changes in water and energy consumption resulting therefrom; the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the company's California subsidiary located in Monterey, California, or the assertion by private landowners of similar rights against such utility subsidiaries; any difficulty or inability to obtain insurance for the company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained; the incurrence of impairment charges, changes in fair value and other adjustments related to the company's goodwill or the value of its other assets; labor actions, including work stoppages and strikes; the company's ability to retain and attract highly qualified and skilled employees and talent; civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors included in the company's annual, quarterly and other SEC filings, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the company makes shall speak only as of the date of this press release. Except as required by the federal securities laws, the company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

AWK-IR

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2026	2025
Operating revenues	$ 1,207	$ 1,142
Operating expenses:		
Operation and maintenance	493	468
Depreciation and amortization	237	216
General taxes	86	87
Total operating expenses, net	816	771
Operating income	391	371
Other (expense) income:		
Interest expense	(163)	(144)
Interest income	12	22
Non-operating benefit costs, net	5	4
Other, net	14	17
Total other (expense) income	(132)	(101)
Income before income taxes	259	270
Provision for income taxes	63	65
Net income attributable to common shareholders	$ 196	$ 205
Basic earnings per share: (a)		
Net income attributable to common shareholders	$ 1.00	$ 1.05
Diluted earnings per share: (a)		
Net income attributable to common shareholders	$ 1.00	$ 1.05
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

(a) Amounts may not calculate due to rounding.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2026	December 31, 2025
ASSETS		
Property, plant and equipment	$ 38,569	$ 37,955
Accumulated depreciation	(7,496)	(7,379)
Property, plant and equipment, net	31,073	30,576
Current assets:		
Cash and cash equivalents	137	98
Restricted funds	19	21
Accounts receivable, net of allowance for uncollectible accounts of $63 and $58, respectively	386	395
Income tax receivable	112	9
Unbilled revenues	451	433
Materials and supplies	114	112
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Other	305	328
Total current assets	1,524	2,191
Regulatory and other long-term assets:		
Regulatory assets	1,138	1,132
Operating lease right-of-use assets	82	85
Goodwill	1,156	1,156
Other	291	302
Total regulatory and other long-term assets	2,667	2,675
Total assets	$ 35,264	$ 35,442

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2026	December 31, 2025
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,767,975 and 200,605,170 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,652	8,642
Retained earnings	2,771	2,575
Accumulated other comprehensive income	8	6
Treasury stock, at cost (5,487,595 and 5,428,008 shares, respectively)	(396)	(388)
Total common shareholders' equity	11,037	10,837
Long-term debt	12,766	12,777
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,769	12,780
Total capitalization	23,806	23,617
Current liabilities:		
Short-term debt	1,366	1,588
Current portion of long-term debt	1,494	1,479
Accounts payable	272	378
Accrued liabilities	580	830
Accrued taxes	94	134
Accrued interest	135	140
Other	177	198
Total current liabilities	4,118	4,747
Regulatory and other long-term liabilities:		
Advances for construction	468	435
Deferred income taxes and investment tax credits	3,382	3,190
Regulatory liabilities	1,409	1,416
Operating lease liabilities	72	74
Accrued pension expense	160	167
Other	204	166
Total regulatory and other long-term liabilities	5,695	5,448
Contributions in aid of construction	1,645	1,630
Commitments and contingencies		
Total capitalization and liabilities	$ 35,264	$ 35,442

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)
(856) 955-4001
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$22,045,400,000 as of June 28, 2024 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 28, 2024, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 28, 2024, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—194,947,313 shares as of February 10, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2025 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2024 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;

- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;

- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.5 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,296 million for 2024, $3,920 million for 2023 and $3,505 million for 2022, accounting for 92%, 93% and 92%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2024:

	Operating Revenues (in millions)				Number of Customers (in thousands)			
	Water (a)	Wastewater	Total	% of Total	Water	Wastewater	Total	% of Total
New Jersey	$ 990	$ 61	$ 1,051	24.5 %	672	70	742	20.9 %
Pennsylvania	872	167	1,039	24.2 %	688	115	803	22.6 %
Missouri	487	21	508	11.8 %	485	24	509	14.4 %
Illinois	359	73	432	10.1 %	300	77	377	10.6 %
California	342	4	346	8.1 %	191	3	194	5.5 %
Total—Top Five States (b)	3,050	326	3,376	78.6 %	2,336	289	2,625	74.0 %
Other (c)	883	37	920	21.4 %	881	40	921	26.0 %
Total Regulated Businesses	$ 3,933	$ 363	$ 4,296	100.0 %	3,217	329	3,546	100.0 %

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(b) The Company's "Top Five States" are determined based upon operating revenues.

(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
(In millions)	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
Water services:						
Residential	$ 2,349	55 %	$ 2,143	55 %	$ 1,941	55 %
Commercial	885	21 %	798	20 %	710	20 %
Fire service	164	4 %	158	4 %	147	4 %
Industrial	184	4 %	167	4 %	153	4 %
Public and other water (a)	301	7 %	284	7 %	267	8 %
Wastewater	363	8 %	327	8 %	242	7 %
Other (b)	50	1 %	43	2 %	45	2 %
Total	$ 4,296	100 %	$ 3,920	100 %	$ 3,505	100 %

(a) Includes water revenues from public authorities and other utilities, community water systems under bulk contracts and alternative revenue programs.

(b) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2024, 2023 and 2022, which represents approximately 13 million people served as of December 31, 2024:

	2024		2023		2022	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,920	307	2,893	279	2,870	270
Commercial	222	21	221	18	219	17
Fire service	53	—	52	—	51	—
Industrial	4	—	4	—	4	—
Public and other (a)	18	1	18	1	17	1
Total	3,217	329	3,188	298	3,161	288

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2024:

	Surface Water	Ground Water	Purchased Water
New Jersey	74%	22%	4%
Pennsylvania	91%	7%	2%
Missouri	83%	16%	1%
Illinois	53%	35%	12%
California	—%	64%	36%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state recently experienced a multi-year drought, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $40 billion and $42 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from a 250-year replacement cycle in 2009 to an approximate 125-year replacement cycle by 2029, which it anticipates will enable the Company to replace nearly 2,000 miles of mains and collection pipes between 2025 and 2029. In addition, from 2025 to 2029, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, KY, MO, NJ, PA, TN, VA, WV
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, MO, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, KY, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MD, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2024, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2024, that there are over 50,000 community water systems and, as of 2022, over 17,000 community wastewater systems in the United States, with approximately 80% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low to moderate income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Efforts to advance these legislative priorities will continue in 2025.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Eleven of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See —Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, reliable and affordable. Through increased efficiency, conservation and affordability support programs and tariffs, on average across the enterprise, the Company achieves water costs that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential Utilities, Inc., American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. The Contract Services Group ("CSG"), also included in Other, has three contracts with municipal customers to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $388 million for 2024, $314 million for 2023 and $287 million for 2022, accounting for 8%, 7% and 8%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 38 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses, MSG and CSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that drinking water standards have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $1.4 billion over the next five years, and $275 million in 2025, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national quality standards for drinking water. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2025.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule ("LCR") to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company will evaluate its service territories and apply for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service lines ("LSLs") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act regulates discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set maximum discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that exceed the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the Centers for Disease Control and Prevention, other state environmental agencies, and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemicals Abstract Service Registry contains over 219 million registered chemicals, with an estimated 1,400 species of disease-causing microbes that can affect humans. The Company is continually investigating new substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- monitoring impacts of environmental pathogen loads and removal through wastewater systems;
- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;

- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;
- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;
- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company and Security

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to the MSG and CSG businesses as requested or may otherwise be necessary. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, security, risk management and insurance, treasury, and water quality. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

The Company's security team, through Service Company, provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. The security team is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies, as well as for the Company's executive management and other employees. Risk assessments are conducted periodically to evaluate the effectiveness of existing security controls and serve as the basis for additional safeguards, security controls and measures. For additional information concerning this team and the Company's cybersecurity program, see Item 1C—Cybersecurity.

Sustainability

The Company considers environmental, social responsibility and governance principles fundamental to its corporate sustainability strategy and values. Integration of these principles into the Company's daily operations emphasizes its belief that "how" a company operates is just as important as "what" a company does. Delivering safe, clean, reliable and affordable water services to customers and treating wastewater has been fundamental to the Company's business for decades. The Company has an opportunity to make a positive, sustainable impact in thousands of communities by serving them with skilled employees and maintaining the governance and diligence to meet or exceed service expectations.

Demonstrated Leadership

The Company's values and actions have achieved recognitions for demonstrating its leadership in several areas related to trust, responsibility, sustainability and support of its communities, customers and employees. Among others, these include the following:

- recognized as one of the *Forbes* 2025 Most Trusted Companies in America, in addition to being ranked first in the utilities industry category on *Forbes* America's Best Large Employers List for 2024;
- recognized on *Newsweek*'s America's Most Responsible Companies 2025 List;
- ranked on *Barron*'s 100 Most Sustainable U.S. Companies 2024 List; and
- named one of America's Most JUST companies by JUST Capital and CNBC for its continued commitment to employees, customers, communities and shareholders.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting. The Company's management function around sustainability involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight and responsibility with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and responsibility with respect to, among other things: corporate governance; Board and committee membership, leadership and composition; director independence, nominations and succession; and director education.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 126,000 hours of safety training, including physical security and cybersecurity, in 2024. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a task is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In 2024, a third-party vehicle entered a secure work zone striking four Company employees, due to no fault of its employees, which resulted in several serious injuries and one employee fatality. Additionally, in January 2025, a Company employee was fatally injured when struck by a train. For 2024, the Company had an OSHA Recordable Incident Rate ("ORIR") of 0.40 (25 recordable injuries, and does not include the fatality or injuries, which were determined to be not preventable), which reflects a 54% decrease in recordable injuries compared to 2023, when the ORIR was 0.86 (54 injuries). Also, the number of Days Away Restricted or Transferred ("DART") injuries decreased by 73% compared to 2023, primarily due to a decrease in strain, sprain and tear injuries, as well as a reduction in slip, trip and fall injuries. For 2024, the Company had a DART rate of 0.14 (9 injuries), compared to 0.52 (33 injuries) in 2023.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean and reliable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2024, the Company filled approximately 1,000 positions, 67% of which with external candidates and 33% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities. By committing to achieve 25 hours of learning annually, employees develop skills for their ongoing professional growth. Approximately 84% of active employees hired before October 1, 2024, have completed at least 25 hours of learning, resulting in approximately 262,000 hours of total learning completed during the year.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. During 2024, the Company enhanced its succession planning process by increasing the number of business impact roles covered by a succession plan. These succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2024, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, long-term performance plan compensation for certain leadership positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave benefit and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees, rather than unrelated factors such as gender, race or ethnicity.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 89% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage. The Company's medical benefits include, among others, coverage for applied behavior analysis, autism treatment, transgender service, hearing aids and fertility assistance.

Trust, Dignity and Respect

In 2024, the Company launched the Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model those behaviors that are consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company has established its weCARE employee value proposition that focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility, and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools. In 2024, the Company administered two pulse surveys, seeking feedback on employee experience, which had an overall participation rate of 68%.

Workforce Data

As of December 31, 2024, the Company had approximately 6,700 employees. For 2024, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2024, was 10.5%, down from 11.5% in 2023. American Water seeks to reduce regrettable employee turnover by assessing the effectiveness of weCARE and through its efforts to foster the Company's employee experience.

As of December 31, 2024, approximately 46% of the Company's workforce was represented under 75 collective bargaining agreements with 14 different unions. In 2024, the Company renegotiated 26 collective bargaining agreements that were set to expire during the year. During 2025, 25 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees. The Company continues to work with several local labor unions and the Federal Mediation and Conciliation Service to host discussions among management and union leaders with the goal of supporting and enhancing constructive relationships with these unions.

Board Oversight

The ED&CC of the Board of Directors establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities. Further, the ED&CC's charter requires that the ED&CC have responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 19, 2025:

Name	Age	Office and Experience
M. Susan Hardwick	62	**Chief Executive Officer.** Ms. Hardwick served as President and Chief Executive Officer of the Company from February 2, 2022, to August 1, 2024, and has served as Chief Executive Officer of the Company since August 1, 2024. She joined the Company in June 2019 as the Company's Executive Vice President—Finance and served as the Company's Chief Financial Officer from July 2019 until May 16, 2022. From December 7, 2021 until January 31, 2022, Ms. Hardwick also served as Interim Chief Executive Officer. Prior to joining the Company, Ms. Hardwick served as the Executive Vice President and Chief Financial Officer of Vectren Corporation ("Vectren"), which was sold to CenterPoint Energy, Inc., an electric and natural gas utility ("CenterPoint"), on February 1, 2019. Ms. Hardwick joined Vectren in January 2000 and served in a variety of positions, including: Vice President, Controller and Assistant Treasurer; Senior Vice President, Finance; Senior Vice President, Chief Financial Officer; and Executive Vice President and Chief Financial Officer. Prior to joining Vectren, Ms. Hardwick was Assistant Corporate Comptroller at Cinergy Corp. She began her career with Arthur Andersen & Co. Ms. Hardwick is a Certified Public Accountant. Since September 2020, Ms. Hardwick has served on the Board of Directors of New Jersey Resources Corporation, a diversified energy services company, where she is currently serving a three-year term expiring in 2027, and since January 1, 2021, she has served as a member of its Audit Committee.
John C. Griffith	58	**President.** Mr. Griffith has served as the Company's President since August 1, 2024, with responsibility for the day-to-day operations of the Company. He joined the Company on May 16, 2022, as its Executive Vice President and Chief Financial Officer. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities' Global Regulated Utilities and Renewable Energy practice. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as the Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	46	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 1, 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 31, 2022 to August 1, 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.
Maureen Duffy	55	**Executive Vice President, Communications and External Affairs**. Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 29, 2024 and has had over 25 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 until October 29, 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Melanie M. Kennedy	51	**Executive Vice President, Chief Human Resources Officer.** Ms. Kennedy has served as the Company's Executive Vice President, Chief Human Resources Officer since December 2021, and as Senior Vice President, Chief Human Resources Officer from December 2020 to December 2021. Prior to that, she served as the Company's Senior Vice President, Human Resources from March 2017 to December 2020. From August 2014 through February 2017, Ms. Kennedy served as the Company's Vice President, Human Resources, and from August 2012 to August 2014, she served as Director, Human Resources in the Company's Northeast Division. Ms. Kennedy initially joined the Company in 2007, and before that time, she practiced law for nine years.

Name	Age	Office and Experience
Stacy A. Mitchell	49	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 5, 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years. Ms. Mitchell serves as a member of the American Water Works Association's Water Utility Council, and as its Treasurer.
Cheryl Norton	60	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 36 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q or its Current Reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;
- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us

to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement, have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently implemented LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our ability to dispose of material used to treat impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the “1995 Order,” the “2009 Order” and, as amended in July 2016, the “2016 Order” and, collectively, the “Orders”) that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which

could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, severe electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial condition, results of operations and cash flows. Seasonal and other drought conditions, such as those experienced during 2024 in New Jersey, for example, that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions (including those mandated in New Jersey in 2024), rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased volatility in weather and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving increasing attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;
- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict its potential impact on our business, financial condition, results of operations, cash flows and liquidity. Furthermore, both Federal and state laws and regulations have been enacted or proposed that seek to reduce or limit greenhouse gas emissions and require or would require additional reporting, monitoring and disclosure, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;
- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assess liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contractor affirmative action audits;

- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damage could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our financial condition and results of operations. Tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2024, we invested $2.8 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions

currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, perfluorinated and polyfluorinated compounds, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a "Do Not Use" protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our

customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management’s time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;
- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and
- difficulties in integrating or assimilating acquired systems’ operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, on December 15, 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. By way of example, on October 3, 2024, we identified unauthorized activity within our information technology computer networks and systems, which we determined to be the result of a cybersecurity incident. See Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident, for more information regarding this incident. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the recent cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. The Company has completed its investigation into the scope, nature and impact of the cybersecurity incident and determined the incident did not have a material effect on the Company or its financial condition or results of operations; however, the Company remains subject to various risks as a result of this incident, including those related to litigation, governmental and regulatory scrutiny, including from putative class action lawsuits that have been filed in connection with the recent incident. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits.

Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. We have incurred, and may continue to incur, certain expenses related to the October 2024 cybersecurity incident, and we maintain a cybersecurity insurance policy as part of our overall insurance program. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See Item 1A—Risk Factors Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments, including, for example, the California Privacy Rights Act, together with its amendments and implementing regulations, the Virginia Consumer Data Protection Act and the Cyber Incident Reporting for Critical Infrastructure Act of 2022. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation, including, for example, from putative class action lawsuits filed in connection with our recent cybersecurity incident, or other claims against us, fines and penalties, or adverse perception or publicity about us and our businesses. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits. These events could also require us to change our business practices, and the events or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker’s compensation, employer’s liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that

exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses. Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can secure all necessary or appropriate insurance in the future, or that such insurance can be economically secured. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs or deductibles.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2024, approximately 46% of our workforce was represented by unions, and we had 75 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 25 of which are scheduled to expire during 2025, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2024, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $14.0 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;
- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2024, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2025, 2026 and 2027 will be $637 million, $1,478 million and $686 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2024, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2024, there were no outstanding borrowings under the revolving credit facility, $880 million of commercial paper outstanding and $82 million in outstanding letters of credit. There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry's financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

The conditional exchange feature of the Exchangeable Senior Notes due 2026, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of its 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Notes. In the event the conditional exchange feature of the Notes is triggered and one or more holders elect to exchange their Notes, AWCC would be required to settle any exchanged principal through the payment of cash, which could adversely affect our liquidity. In addition, in that case, even if holders do not elect to exchange their Notes, we would be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Notes may encourage short selling by market participants because the exchange of the Notes could be used to satisfy short positions, and any anticipated exchange of the Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A

failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2024, included $1.1 billion of goodwill and $218 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2024, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling approximately $8.1 billion, of which $1.2 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements and geography. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. All employees are required to complete training on and review the Code of Ethics on an annual basis, and violations of the Code of Ethics could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics and our policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "defense-in-depth" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. By way of example, as previously disclosed, on October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning the October 3, 2024, cybersecurity incident, and cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We are, and may in the future be, subject to physical and cyber attacks, and —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured; and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify, escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Protection Professional, Professional Certified Investigator and Physical Security Professional certifications from ASIS International. The CISO serves on the Water Sector Coordinating Council ("WSCC"), an advisory body comprised of representatives from various U.S. water and wastewater organizations, which serves as a policy, strategy and coordination mechanism for the water sector on critical infrastructure security and resilience issues. In that role, the CISO partners with representatives from the Department of Homeland Security and the EPA on U.S. water and wastewater sector initiatives. The CISO is also the former Chair of the WSCC, the National Association of Water Companies' Safety and Security Committee, and the ASIS Utility Security Council. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's security team provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. It is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies. The Company's security team also conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2024, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a standing crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space, equipment and furniture from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 190 wastewater treatment plants;
- 54,500 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;
- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 50% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 19, 2025, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16 —Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025, and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until late 2025 at the earliest. The amended and restated water purchase agreement for the GWR Project expansion is subject to review and approval of the CPUC, and in November 2021, Cal Am filed an application with the CPUC that sought review and approval of the amended and restated water purchase agreement. Cal Am also requested rate base treatment of the additional capital investment for certain Cal Am facilities required to maximize the water supply from the expansion to the GWR Project and a related Aquifer Storage and Recovery Project, totaling approximately $81 million. This requested amount was in addition to, and consistent in regulatory treatment with, the prior $50 million of cost recovery for facilities associated with the original water purchase agreement, which was approved by the CPUC in its unanimous 2016 final decision.

On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings in this proceeding were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023, rehearing decision. See Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements for further discussion.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Subject to the impact or resolution of this litigation, construction of the desalination plant is expected to begin in 2025 and the desalination plant is estimated to be in-service by the end of 2027.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2026. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On September 19, 2024, the SWRCB administrative hearing officer sent a letter to the court advising that the full draft report of the SWRCB advisory opinion addressing the questions referred by the court would not be received until at least November 1, 2024. On November 22, 2024, the administrative hearing officer sent a second letter to the court advising that the draft report would be considered for approval at a public meeting of the SWRCB to be held in the first quarter of 2025. On December 31, 2024, an initial draft report was circulated by the SWRCB to the parties for review and comment.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's Board on September 30, 2024.

Challenges Related to Compliance with California's Sustainable Groundwater Management Act

Under California's Sustainable Groundwater Management Act ("SGMA") enacted in 2015, groundwater basins designated by the state as critically overdrafted must be managed by a GSA by 2020 in accordance with an approved groundwater sustainability plan ("GSP") designed to achieve sustainability by 2040. Under the SGMA, GSAs have broad powers to achieve sustainability including, but not limited to, regulating groundwater extraction by imposing fees on groundwater extractions and controlling groundwater extractions by regulating, limiting or suspending extractions from wells. The 400-acre CEMEX site overlies a small portion of the 180/400 Subbasin of the Salinas Valley Groundwater Basin; the 84,000-acre 180/400 Subbasin has been designated by the state as critically overdrafted, mainly due to seawater intrusion into the subbasin.

In late 2016, the Salinas Valley Basin Groundwater Sustainability Agency (the "SVBGSA") was formed as a joint powers authority to become the GSA for the Salinas Valley Groundwater Basin and prepare a GSP. In April 2018, the City filed a notice to become the GSA for the CEMEX site, creating an overlap with the SVBGSA's filing for the 180/400 Subbasin. In 2016, the SVBGSA commenced preparation of a GSP covering the entire 180/400 Subbasin, including the CEMEX site, but in August 2019 the City filed a notice that it intends to prepare its own GSP for the CEMEX site with the intent to severely limit or prohibit groundwater pumping at that site. The State Department of Water Resources ("SDWR") has taken the position that until the overlap is resolved, it will not accept the GSP from either agency, placing the subbasin at risk of being placed in a probationary status and subject to state management. In December 2019, the County of Monterey filed its own notice to become the exclusive GSA at the CEMEX site in order to resolve the overlap, which is permitted under SGMA. SDWR accepted Monterey County's filing in December 2019, and now lists Monterey County as the exclusive GSA for the site.

In December 2019, the City filed a lawsuit in Monterey County Superior Court challenging Monterey County's filing, and SDWR's acceptance of the filing, as the exclusive GSA for the CEMEX site. The City has named Monterey County and its Board of Supervisors, its GSA, and SDWR and its director as defendants, and the SVBGSA and its Board of Directors as real parties. The City seeks to invalidate Monterey County's filing, as well as injunctive relief to preserve the City's status as a GSA for the site. To protect its interest in the matter, Cal Am filed an application to intervene in this lawsuit, which was granted. Monterey County filed cross-claims against the City and SDWR. In September 2020, Cal Am filed a separate but related complaint in Monterey County Superior Court challenging the validity of actions taken by the City and its GSA in adopting a groundwater sustainability plan for the CEMEX site, and the validity of the provisions of such plan. Due to the overlap of issues in the City's lawsuit with those in the validation action, the parties stipulated to a stay of the validation action pending determination of the claims in the City's action, which was approved by the court in December 2020. In February 2021, the City filed a separate but related *in rem* reverse validation complaint challenging the adoption by Monterey County of a GSP for the CEMEX site. On May 3, 2023, the City filed a second reverse validation complaint, challenging the adoption of amendments to the GSP for the 180/400 Subbasin.

After a hearing, in August 2021, the court denied the claims brought by the City and granted Monterey County's cross-claims, finding that the City's GSA notice was untimely, the Monterey County GSA was the exclusive GSA for the CEMEX site, and the SVBGSA's GSP was properly adopted for the entire 180/400 Subbasin, including the CEMEX site. In November 2021, the City appealed this decision, and in December 2021, Monterey County appealed the court's decision as to the finding that the City's action creating a GSA was not void. The related validation and reverse validation actions remain stayed during the pendency of the appeal. On November 13, 2023, the California Court of Appeal affirmed the trial court's decision. On December 22, 2023, the City filed a petition for review with the California Supreme Court, which was denied on February 24, 2024. On October 31, 2024, the parties entered into an agreement settling the stayed validation complaints and all claims for attorneys' fees and costs. The validation complaints were subsequently dismissed.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed

by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha

County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court. In the third quarter of 2024, the Company timely submitted to the MDL court its Phase One claims forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc. and DuPont de Nemours, Inc.

On November 22, 2024, the MDL court granted final approval to settlements with defendants Tyco Fire Products LP and BASF Corporation. The Company's utility subsidiaries have determined to remain parties to these class action settlements, and the Company has begun the process of perfecting its claims under each settlement within the time periods provided by the MDL court.

Cybersecurity Incident Class Action Lawsuits

Following the Company's previously reported October 3, 2024, cybersecurity incident, nine putative class action lawsuits against parent company have been filed in the U.S. District Court for the District of New Jersey. All of the putative plaintiffs seek to certify a nationwide class and several of the plaintiffs seek to certify a state-specific subclass. The complaints allege primarily negligence, breach of implied contract, and claims of violations of federal and/or state consumer protection and data privacy law and seek damages and injunctive relief. On February 14, 2025, the court granted a motion to consolidate the nine current pending class actions. This consolidated matter remains pending. The Company believes that the causes of action and other claims asserted in the class action complaints are without merit and that the Company has valid, meritorious defenses to such claims, and the Company is defending itself vigorously.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 10, 2025, there were 194,947,313 shares of common stock outstanding held by approximately 1,922 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2024, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2024.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.5 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-K within "Other." See Item 1—Business for additional information.

Selected Financial Data

This selected financial data below should be read in conjunction with the Company's Consolidated Financial Statements and related Notes in this Annual Report on Form 10-K as well as the remainder of this Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations.

	For the Years Ended December 31,				
(In millions, except per share data)	**2024**	**2023**	**2022**	**2021**	**2020**
Statement of Operations data:					
Operating revenues	$ 4,684	$ 4,234	$ 3,792	$ 3,930	$ 3,777
Net income attributable to common shareholders	1,051	944	820	1,263	709
Net income attributable to common shareholders per basic common share	5.39	4.90	4.51	6.96	3.91
Net income attributable to common shareholders per diluted common share	5.39	4.90	4.51	6.95	3.91
Balance Sheet data:					
Total assets	$ 32,830	$ 30,298	$ 27,787	$ 26,075	$ 24,766
Long-term debt and redeemable preferred stock at redemption value	12,521	11,718	10,929	10,344	9,333
Other data:					
Cash dividends declared per common share	$ 3.06	$ 2.83	$ 2.62	$ 2.41	$ 2.20
Net cash provided by operating activities	2,045	1,874	1,108	1,441	1,426
Net cash used in investing activities	(3,379)	(2,815)	(2,127)	(1,536)	(2,061)
Net cash provided by (used in) financing activities	1,110	1,188	1,000	(345)	1,120
Capital expenditures included in net cash used in investing activities	(2,856)	(2,575)	(2,297)	(1,764)	(1,822)

Financial Results

For the years ended December 31, 2024, 2023 and 2022, diluted earnings per share (GAAP) were $5.39, $4.90 and $4.51, respectively. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for 2024 and 2023 reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.12 per share, and $0.13 per share, respectively. Results for 2024 include incremental interest income of $0.09 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2024, the Company invested $3.3 billion, in the Regulated Businesses, as discussed below:

- $2.8 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $417 million to fund acquisitions in the Regulated Businesses, which added approximately 69,500 customers during 2024. This includes the acquisitions by the Company's Pennsylvania subsidiary of the wastewater collection and treatment system assets from the Butler Area Sewer Authority on October 29, 2024, for a cash purchase price of $230 million, which added approximately 15,000 customer connections, and by the Company's Illinois subsidiary of a wastewater treatment plant and related assets from Granite City on March 11, 2024, for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities.
- Approximately 19,400 new customers were added through organic growth in existing systems.

The Company expects to invest between $17 billion to $18 billion over the next five years, and between $40 billion to $42 billion over the next 10 years, including $3.3 billion in 2025. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $15.5 billion to $16 billion over the next five years, and between $36 billion to $37 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $1.5 billion to $2 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 68%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 6%; system expansion 5%; other 3%.

As of December 31, 2024, the Company had entered into 17 agreements with a total aggregate purchase price of $105 million for pending acquisitions in the Regulated Businesses to add approximately 24,200 additional customers.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

On July 2, 2024, the PaPUC issued the Final Supplemental Implementation Order ("FSIO"), which makes certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The FSIO includes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. The provisions of the FSIO are not retroactive and apply to acquisition applications filed after July 2, 2024. The Company cannot currently predict the impact of the FSIO, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company is in the process of developing an estimate of capital expenditures and operating costs needed to meet the specific requirements of the LCRI. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

The Company continues to comply with the EPA's existing Lead and Copper Rule requirements by replacing lead service lines in accordance with current scientific guidance and utilizing appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

The Company met the LCRR requirements, effective October 16, 2024, identified as enforceable by the EPA. Remaining LCRR requirements are deferred under the LCRI.

Cybersecurity Incident

On October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and has coordinated fully with them. As part of the incident response, and in order to protect its systems and data, the Company disconnected and deactivated certain of its systems, which have since been reconnected and reactivated upon verification that those systems were secure.

All necessary containment, mitigation and restoration activities related to this incident have been completed. None of the Company's water or wastewater facilities were impacted by this incident, and the incident did not have a material effect on the Company or its financial condition or results of operations. In addition, a number of putative class action lawsuits have been filed in connection with this cybersecurity incident, primarily alleging claims related to federal and/or state consumer protection and data privacy laws, and while the Company believes the claims are without merit and is vigorously defending itself against these claims, it cannot currently predict the outcome or impact of these lawsuits. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits for more information.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.

(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the WVPSC issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Operating revenues	$ 4,684	$ 4,234	$ 3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest Income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Operating revenues	$ 4,296	$ 3,920	$ 3,505
Operation and maintenance	1,517	1,441	1,345
Depreciation and amortization	772	693	633
General taxes	301	288	264
Other operating (income) expense	—	(1)	—
Other income (expense)	(339)	(269)	(220)
Provision for income taxes	302	259	188
Net income attributable to common shareholders	$ 1,065	$ 971	$ 854

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Water services:			
Residential	$ 2,349	$ 2,143	$ 1,941
Commercial	885	798	710
Fire service	164	158	147
Industrial	184	167	153
Public and other	301	284	267
Total water services	3,883	3,550	3,218
Wastewater services:			
Residential	245	228	174
Commercial	70	62	45
Industrial	12	8	4
Public and other	36	29	19
Total wastewater services	363	327	242
Other (a)	50	43	45
Total operating revenues	$ 4,296	$ 3,920	$ 3,505

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Years Ended December 31, 2024	2023	2022
Billed water services volumes:			
Residential	163,583	160,921	162,105
Commercial	80,385	78,404	77,627
Industrial	37,217	36,404	37,265
Fire service, public and other	54,700	54,236	51,966
Total billed water services volumes	335,885	329,965	328,963

In 2024, as compared to 2023, operating revenues increased $376 million, primarily due to: (i) a $288 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states; (ii) a $41 million increase from water and wastewater acquisitions and organic growth in existing systems; (iii) a $26 million increase from changes in customer demand; and (iv) a $17 million net increase as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Employee-related costs	$ 543	$ 513	$ 505
Production costs	458	438	387
Operating supplies and services	274	255	242
Maintenance materials and supplies	97	102	96
Customer billing and accounting	72	65	59
Other	73	68	56
Total operation and maintenance expense	$ 1,517	$ 1,441	$ 1,345

Employee-Related Costs

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Salaries and wages	$ 434	$ 413	$ 395
Group insurance	69	60	59
Pensions	7	9	21
Other benefits	33	31	30
Total employee-related costs	$ 543	$ 513	$ 505

In 2024, as compared to 2023, employee-related costs increased $30 million primarily due to an increase in salaries and wages due to merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Purchased water	$ 180	$ 161	$ 154
Fuel and power	112	108	104
Chemicals	107	105	78
Waste disposal	59	64	51
Total production costs	$ 458	$ 438	$ 387

In 2024, as compared to 2023, production costs increased $20 million primarily from higher purchased water cost and usage.

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $19 million primarily due to higher contracted services and software licensing costs as well as an increase in various other operating expenses.

Depreciation and Amortization

In 2024, as compared to 2023, depreciation and amortization increased $79 million primarily due to additional utility plant placed in service from capital infrastructure investments and acquisitions.

General Taxes

In 2024, as compared to 2023, general taxes increased $13 million primarily due to incremental property taxes and New Jersey Gross Receipts Tax.

Other Income (Expense)

In 2024, as compared to 2023, other expenses increased $70 million primarily due to higher interest expense from the issuance of incremental long-term debt and a decrease in AFUDC in 2024.

Provision for Income Taxes

In 2024, as compared to 2023, the Regulated Businesses' provision for income taxes increased $43 million. The Regulated Businesses' effective income tax rate was 22.1% and 21.1% for the years ended December 31, 2024 and 2023, respectively. The increase was primarily due to the decrease in the amortization of EADIT, pursuant to regulatory orders. The amortization of EADIT is generally offset with reductions in revenue.

Other

Presented in the table below is information for Other:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating revenues	$ 388	$ 314	$ 287
Operation and maintenance	341	279	244
Depreciation and amortization	16	11	16
General taxes	19	19	17
Interest expense	(107)	(96)	(119)
Interest income	77	45	50
Gain on sale of businesses	—	—	19
Other income	10	12	6
Provision for (benefit from) income taxes	6	(7)	—
Net loss attributable to common shareholders	$ (14)	$ (27)	$ (34)

Operating Revenues

In 2024, as compared to 2023, operating revenues increased $74 million from an increase in capital projects in MSG, primarily at Naval Station Mayport, and an increase in capital projects in CSG.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating supplies and services	$ 195	$ 150	$ 120
Maintenance materials and supplies	27	29	35
Employee-related costs	101	85	73
Production costs	10	9	10
Other	8	6	6
Total operation and maintenance expense	$ 341	$ 279	$ 244

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $45 million primarily due to costs associated with the increased capital projects in MSG.

Employee-Related Costs

In 2024, as compared to 2023, employee-related costs increased $16 million primarily due to an increase in salaries and wages.

Interest Income

In 2024, as compared to 2023, interest income increased $32 million primarily due to the increased interest rate and higher principal balance from the February 2024 amendment of the secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures—Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% CAMT provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On September 12, 2024, the Internal Revenue Service (the "IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Legislative Updates

During 2024 and 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of February 19, 2025:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.
- Iowa passed House File 207, which modifies property tax assessments to exempt property owned or operated by a public or private utility and is directly and primarily used for furnishing sanitary sewage or storm water drainage disposal by a piped collection system to the public for compensation. Legislation was signed by the Governor and became effective on May 2, 2024.
- West Virginia passed House Bill 5617, which adopts standards and authorizes the WVPSC to promulgate rules, and also allows for rate recovery, on maintenance, flushing, flow testing and marking of fire hydrants owned by water utilities. Legislation was signed by the Governor and became effective on June 4, 2024.
- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Commission for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor and became effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of a utility with an appraised value and purchase price of less than $3 million. Legislation was signed by the Governor became effective on July 1, 2024.
- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures —Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. Subject to satisfying certain conditions, the credit agreement also permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. As of December 31, 2024, AWCC had no outstanding borrowings and $82 million of outstanding letters of credit under its revolving credit facility, with $1.8 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Net income	$ 1,051	$ 944	$ 820
Add (less):			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Other non-cash activities (a)	62	(9)	(16)
Changes in assets and liabilities (b)	40	76	(355)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Gain on sale of businesses	—	—	(19)
Net cash provided by operating activities	$ 2,045	$ 1,874	$ 1,108

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2024, cash flows provided by operating activities increased $171 million, primarily due to an increase in net income and depreciation, partially offset by changes in deferred income taxes.

The Company expects to make pension contributions to the plan trusts of $44 million in 2025. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Capital expenditures	$ (2,856)	$ (2,575)	$ (2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	$ (3,379)	$ (2,815)	$ (2,127)

In 2024, cash flows used in investing activities increased $564 million as a result of increased payments for capital expenditures and acquisitions in 2024. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Transmission and distribution	$ 882	$ 922	$ 901
Treatment and pumping	305	322	190
Services, meter and fire hydrants	805	652	546
General structure and equipment	425	333	380
Sources of supply	163	88	95
Wastewater	276	258	185
Total capital expenditures	$ 2,856	$ 2,575	$ 2,297

In 2024, the Company's capital expenditures increased $281 million due to an increase across most infrastructure categories.

The Company also grows its business primarily through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During 2024, the Company paid $417 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 13 acquisitions of various regulated water and wastewater systems during 2024, which added approximately 69,500 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $17 billion to $18 billion, with $15.5 billion to $16 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $40 billion to $42 billion over the next 10 years. In 2025, the Company expects to invest $3.3 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Proceeds from long-term debt	$ 1,437	$ 1,264	$ 822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other financing activities, net (a)	47	62	76
Net cash provided by financing activities	$ 1,110	$ 1,188	$ 1,000

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2024, cash flows provided by financing activities decreased $78 million, primarily due to the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023. These decreases were partially offset by a higher issuance of long-term debt and an increase in short-term commercial paper borrowings in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $9.6 billion. Additionally, as of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $3.3 billion.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of AWCC and for general corporate purposes.

On June 29, 2023, AWCC issued, in a private placement, $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. See Note 11 —Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2024 and 2022, $1.4 billion and $800 million, respectively, of debt securities were issued under this and a predecessor registration statement. During 2023, under the predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023:

(In millions)	**Cash and Cash Equivalents**	**Availability on Revolving Credit Facility**	**Total Available Liquidity**
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 4.65% and 5.51%, for the years ended December 31, 2024 and 2023, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2024	2023	2022
Total common shareholders' equity	42.4 %	44.2 %	38.3 %
Long-term debt and redeemable preferred stock at redemption value	51.4 %	52.9 %	54.4 %
Short-term debt and current portion of long-term debt	6.2 %	2.9 %	7.3 %
Total	100 %	100 %	100 %

The change in the capital structure mix in 2024 is mainly attributable to the increase in short-term commercial paper borrowings. The use of the proceeds from the common stock issuance on March 3, 2023, and the long-term debt issuance on June 29, 2023, reduced short-term commercial paper borrowings in 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2024, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 19, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2024, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2024 and 2023, the Company's regulatory asset balance was $1.2 billion and $1.1 billion, respectively, and its regulatory liability balance was $1.4 billion and $1.5 billion, respectively. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2024 and 2023, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.

- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.
- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality— Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.70%, 5.18% and 5.58% at December 31, 2024, 2023 and 2022, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.69%, 5.22% and 5.60% at December 31, 2024, 2023 and 2022, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.73% for 2024, 6.79% for 2023 and 6.50% for 2022. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2024, 5.00% for 2023 and 3.60% for 2022.

Presented in the table below are the allocations of the pension plan assets by asset category:

		Percentage of Plan Assets as of December 31,	
Asset Category	2025 Target Allocation	2024	2023
Equity securities	37 %	44 %	41 %
Fixed income	63 %	56 %	59 %
Total	100 %	100 %	100 %

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

		Percentage of Plan Assets as of December 31,	
Asset Category	2025 Target Allocation (a)	2024	2023
Equity securities	27 %	34 %	32 %
Fixed income	73 %	66 %	68 %
Total	100 %	100 %	100 %

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.51% for 2024, 2023 and 2022.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2024, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.75% in 2024 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2024, the Company projects that medical inflation will be 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.70% and 6.63%, respectively, for estimating its 2025 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.69% and 5.00%, respectively, for estimating its 2025 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2024 pension and postretirement total net benefit credit was $3 million and the 2023 pension and postretirement total net benefit credit was $6 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2025; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2024 and 2023 was $219 million and $193 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2024 and 2023, was $96 million and $109 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2024, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2024 would result in an increased annual interest expense of approximately $2 million.

As of December 31, 2024, the Company had eight treasury lock agreements, each with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed rate of 4.03%. When entering into treasury locks, the Company is subject to market risk with respect to changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2024, was in a gain position of $24 million. A hypothetical 1% favorable change in interest rates would result in an increase in the fair value of the treasury locks to a gain position of approximately $60 million at December 31, 2024.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,169 million and $1,416 million, respectively, as of December 31, 2024. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 35,059	$ 32,189
Accumulated depreciation	(7,021)	(6,751)
Property, plant and equipment, net	28,038	25,438
Current assets:		
Cash and cash equivalents	96	330
Restricted funds	29	34
Accounts receivable, net of allowance for uncollectible accounts of $53 and $51, respectively	416	339
Income tax receivable	25	86
Unbilled revenues	315	302
Materials and supplies	103	112
Other	231	186
Total current assets	1,215	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,150	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,144	1,143
Other	399	416
Total regulatory and other long-term assets	3,577	3,471
Total assets	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,371,701 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,598	8,550
Retained earnings	2,112	1,659
Accumulated other comprehensive income (loss)	12	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,332	9,797
Long-term debt	12,518	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,521	11,718
Total capitalization	22,853	21,515
Current liabilities:		
Short-term debt	879	179
Current portion of long-term debt	637	475
Accounts payable	346	294
Accrued liabilities	791	791
Accrued taxes	156	67
Accrued interest	111	93
Other	230	252
Total current liabilities	3,150	2,151
Regulatory and other long-term liabilities:		
Advances for construction	383	352
Deferred income taxes and investment tax credits	2,881	2,717
Regulatory liabilities	1,416	1,481
Operating lease liabilities	76	73
Accrued pension expense	217	262
Other	277	196
Total regulatory and other long-term liabilities	5,250	5,081
Contributions in aid of construction	1,577	1,551
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2024	2023	2022
Operating revenues	$ 4,684	$ 4,234	$ 3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Weighted average common shares outstanding:			
Basic	195	193	182
Diluted	195	193	182

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2024	2023	2022
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Other comprehensive income (loss), net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $(2) and $5 in 2024, 2023 and 2022, respectively	1	(3)	14
Defined benefit pension plan amortization of actuarial loss, net of tax of $0, $0 and $1 in 2024, 2023 and 2022, respectively	—	4	3
Unrealized gain (loss) on cash flow hedges, net of tax of $9, $0 and $1 in 2024, 2023 and 2022, respectively	39	(8)	5
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 in 2024, 2023 and 2022	(2)	4	—
Net other comprehensive income (loss)	38	(3)	22
Comprehensive income attributable to common shareholders	$ 1,089	$ 941	$ 842

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,051	$ 944	$ 820
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Provision for losses on accounts receivable	31	24	24
Gain on sale of businesses	—	—	(19)
Pension and non-pension postretirement benefits	(3)	(6)	(47)
Other non-cash, net	34	(27)	7
Changes in assets and liabilities:			
Receivables and unbilled revenues	(107)	(56)	(114)
Income tax receivable	61	28	(110)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Accounts payable and accrued liabilities	111	70	(8)
Accrued taxes	92	21	(118)
Other assets and liabilities, net	(117)	13	(5)
Net cash provided by operating activities	2,045	1,874	1,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(2,856)	(2,575)	(2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	(3,379)	(2,815)	(2,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,437	1,264	822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Advances and contributions in aid of construction, net of refunds of $33, $25 and $19 in 2024, 2023 and 2022, respectively	39	60	74
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other, net	8	2	2
Net cash provided by financing activities	1,110	1,188	1,000
Net (decrease) increase in cash, cash equivalents and restricted funds	(224)	247	(19)
Cash, cash equivalents and restricted funds at beginning of period	364	117	136
Cash, cash equivalents and restricted funds at end of period	$ 140	$ 364	$ 117
Cash paid (received) during the year for:			
Interest, net of capitalized amount	$ 483	$ 445	$ 414
Income taxes, net of refunds of $5, $30 and $2 in 2024, 2023 and 2022, respectively	$ (5)	$ —	$ 335
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 347	$ 399	$ 330

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity
(In millions, except per share data)

	Common Stock				Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2021	186.9	$ 2	$ 6,781	$ 925	$ (45)	(5.3)	$ (365)	$ 7,298
Net income attributable to common shareholders	—	—	—	820	—	—	—	820
Common stock issuances (a)	0.5	—	43	—	—	(0.1)	(12)	31
Net other comprehensive income	—	—	—	—	22	—	—	22
Dividends ($2.62 declared per common share)	—	—	—	(478)	—	—	—	(478)
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332

(a) Includes stock-based compensation, employee stock purchase plan and direct stock reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $398 million and $419 million as of December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2024	2023
Cash and cash equivalents	$ 96	$ 330
Restricted funds	29	34
Restricted funds included in other long-term assets	15	—
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 140	$ 364

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note is accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and is classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note is accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8—Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2024 and 2023, on the Consolidated Balance Sheets are estimated refunds of $21 million and $18 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $46 million, $40 million and $37 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2024	2023	2022
Allowance for other funds used during construction	$ 38	$ 41	$ 20
Allowance for borrowed funds used during construction	21	24	14

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company adopted the standard as of December 31, 2024, including a recast of 2023 and 2022 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 20—Segment Information for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.

(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the West Virginia Public Service Commission (the "WVPSC") issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2024, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2024	2023
Removal costs recoverable through rates	$ 356	$ 322
Deferred pension expense	318	308
Customer lead line replacements	86	66
Unamortized debt expense	84	82
Regulatory balancing accounts	71	81
Programmed maintenance expense	57	58
Purchase premium recoverable through rates	50	52
Other	128	137
Total regulatory assets	$ 1,150	$ 1,106

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $304 million and $300 million as of December 31, 2024 and 2023, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Other regulatory assets include the financial impacts relating to the COVID-19 pandemic, certain construction costs for treatment facilities, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

The Company has current regulatory assets of $19 million and $13 million included in other current assets on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2024	2023
Income taxes recovered through rates	$ 1,016	$ 1,064
Removal costs recovered through rates	245	254
Postretirement benefit liability	71	85
Other	84	78
Total regulatory liabilities	$ 1,416	$ 1,481

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 (the "TCJA") required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the financial impacts relating to the COVID-19 pandemic, TCJA reserves on revenue, pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

The Company has no current regulatory liabilities and had $1 million of current regulatory liabilities included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,938	$ 3	$ 1,941
Commercial	709	1	710
Fire service	147	—	147
Industrial	152	1	153
Public and other	252	—	252
Total water services	3,198	5	3,203
Wastewater services:			
Residential	173	1	174
Commercial	45	—	45
Industrial	4	—	4
Public and other	19	—	19
Total wastewater services	241	1	242
Miscellaneous utility charges	36	—	36
Alternative revenue programs	—	15	15
Lease contract revenue	—	9	9
Total Regulated Businesses	3,475	30	3,505
Other	288	(1)	287
Total operating revenues	$ 3,763	$ 29	$ 3,792

(a) Includes revenues associated with alternative provisional rates, revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $84 million, $95 million and $86 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract assets of $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024. There were $87 million of contract assets added during 2023, and $78 million of contract assets were transferred to accounts receivable during 2023.

Contract liabilities of $40 million, $63 million and $91 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract liabilities of $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024. There were $103 million of contract liabilities added during 2023, and $131 million of contract liabilities were recognized as revenue during 2023.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2024, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $612 million as of December 31, 2024, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, and which acquisitions added approximately 69,500 water and wastewater customers. These totals include the acquisitions from the Butler Area Sewer Authority and Granite City noted below. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. Seven of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

On October 29, 2024, the Company's Pennsylvania subsidiary acquired the wastewater collection and treatment system assets from the Butler Area Sewer Authority for a purchase price of $230 million, in cash. This system provides wastewater service for approximately 15,000 customer connections. Assets acquired from this acquisition, principally utility plant, totaled $229 million and $1 million of goodwill. This acquisition was accounted for as a business combination.

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination.

During 2023, the Company closed on 23 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $77 million, $2 million of which was funded as a deposit in 2021, and which acquisitions added approximately 18,100 water and wastewater customers. Assets acquired from these acquisitions, principally utility plant, totaled $81 million and liabilities assumed totaled $4 million. Five of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $77 million, $50 million, and $50 million of interest income during the years ended December 31, 2024, 2023 and 2022, respectively, from this note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants were amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under this note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

On December 3, 2024, a covenant in the secured seller note was amended to increase the maximum aggregate principal amount of revolving facility indebtedness (as defined and described thereunder) that could be incurred at any time by the Buyer and certain affiliates.

The secured seller note may not be prepaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2024	2023	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 302	$ 293		
Sources of supply	1,124	1,081	20 to 127 years	46 years
Treatment and pumping	4,786	4,594	3 to 101 years	39 years
Transmission and distribution	14,745	13,900	9 to 128 years	66 years
Services, meters and fire hydrants	6,356	5,696	2 to 109 years	29 years
General structures and equipment	2,813	2,512	3 to 109 years	17 years
Waste collection	1,986	1,719	5 to 113 years	53 years
Waste treatment, pumping and disposal	1,425	1,191	2 to 153 years	34 years
Construction work in progress	1,359	1,040		
Other plant	22	24		
Total utility plant	34,918	32,050		
Nonutility property	141	139	3 to 50 years	12 years
Total property, plant and equipment	$ 35,059	$ 32,189		

Property, plant and equipment depreciation expense amounted to $690 million, $617 million and $552 million for the years ended December 31, 2024, 2023 and 2022, respectively, and was included in depreciation and amortization expense on the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.73%, 2.68% and 2.60% for the years ended December 31, 2024, 2023 and 2022, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $347 million and $399 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In December and January of 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. In March of 2023, the NJEDA issued to the Company the utilization certificate for the 2020 tax credits in the amount of $16 million. The Company sold the 2022, 2021, and 2020 tax credits to an external party for $14 million, $15 million and $15 million, respectively. For the years ended December 31, 2024, 2023 and 2022, the Company recorded losses of $2 million, $1 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2023, the Company had current assets of $32 million included in Other and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. In 2023, the Company reduced net realizable value of the future tax credit receivable by approximately $7 million as the Company does not expect it will be eligible to recognize the full amount of the tax credit as it expects to have lower than required eligible headcount in the future. The Company has made the necessary annual filing for the year ended December 31, 2023, and expects to make the 2024 filing in April 2025, prior to the required filing deadline. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2024	2023	2022
Balance as of January 1	$ (51)	$ (60)	$ (75)
Amounts charged to expense	(31)	(24)	(24)
Amounts written off	31	28	27
Other, net (a)	(2)	5	12
Balance as of December 31	$ (53)	$ (51)	$ (60)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2024 and 2023:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2023	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	—	—	—	—	—	—	—
Balance as of December 31, 2023	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$ 3,471	$ (2,332)	$ 113	$ (108)	$ 3,584	$ (2,440)	$ 1,144

The Company completed its annual impairment testing of goodwill as of November 30, 2024, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2024.

In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment. In 2023, there were no additions or impairments to the Company's goodwill.

Note 9: Shareholders' Equity

Common Stock Offering

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of parent company, and for general corporate purposes.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2024, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2024 and 2023. As of December 31, 2024, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2024, 2023 and 2022:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2022	$ (107)	$ 1	$ 67	$ (6)	$ —	$ (45)
Other comprehensive income before reclassification	14	—	—	5	—	19
Amounts reclassified from accumulated other comprehensive income	—	—	3	—	—	3
Net other comprehensive income	14	—	3	5	—	22
Ending balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2024, 2023 and 2022, the Company paid $585 million, $532 million and $467 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2024	2023	2022
December	$ 0.7650	$ 0.7075	$ 0.6550
September	$ 0.7650	$ 0.7075	$ 0.6550
June	$ 0.7650	$ 0.7075	$ 0.6550
March	$ 0.7075	$ 0.6550	$ 0.6025

On December 6, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share payable on March 4, 2025, to shareholders of record as of February 7, 2025.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017 Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2024, 5.8 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2024, 2023 and 2022 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2024, 2023 and 2022. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2024	2023	2022
RSUs and PSUs	$ 34	$ 23	$ 26
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	36	25	28
Income tax benefit	(8)	(6)	(6)
Stock-based compensation expense, net of tax	$ 28	$ 19	$ 22

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2024, 2023 and 2022.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2024, 2023 and 2022, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2024, 2023 and 2022, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Beginning in 2024, the shares are distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $10 million, $9 million and $9 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	64	$ 134.61
Granted	81	123.07
Vested	(59)	148.13
Forfeited	(11)	140.79
Non-vested total as of December 31, 2024	75	$ 131.20

As of December 31, 2024, $5 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.67 years. The total fair value of stock units and RSUs vested was $9 million, $6 million and $6 million for the years ended December 31, 2024, 2023 and 2022, respectively.

During 2024, 2023 and 2022, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $23 million, $28 million and $20 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the “Performance Period”). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	245	$ 143.26
Granted	177	127.18
Vested	(60)	157.83
Forfeited	(40)	181.71
Non-vested total as of December 31, 2024	322	$ 130.04

As of December 31, 2024, $7 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.83 years. The total fair value of PSUs vested was $23 million, $31 million and $24 million for the years ended December 31, 2024, 2023 and 2022, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company’s common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2024	2023	2022
Expected volatility	22.98%	25.45%	29.69%
Risk-free interest rate	4.39%	4.31%	1.90%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$118.95	$168.00	$99.23

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2024, there were 1.4 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2024, 2023 and 2022, the Company issued approximately 90,000, 87,000 and 82,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2024	2023
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.02%	2025-2054	$ 11,786	$ 10,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	188
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.04%	2025-2061	761	729
Mortgage bonds—fixed rate	6.35%-9.19%	7.41%	2025-2039	456	516
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.01%		13,193	12,222
Unamortized debt discount, net (b)				(20)	(11)
Unamortized debt issuance costs				(15)	(18)
Less current portion of long-term debt				(637)	(475)
Total long-term debt				$ 12,521	$ 11,718

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $752 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2024.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00. In addition, the Company has $824 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.51%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2025	$ 637
2026	1,478
2027	686
2028	868
2029	936
Thereafter	8,588

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

The Company incurred debt issuance costs of $14 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations and minimizes this risk by dealing only with leading, creditworthy financial institutions having long-term credit ratings of "A-" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $880 million and $180 million as of December 31, 2024 and 2023, respectively, or net of discount $879 million and $179 million as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2024	2023
Average borrowings	$ 161	$ 288
Maximum borrowings outstanding	$ 880	$ 1,570
Weighted average interest rates, as of December 31	4.65 %	5.51 %

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2024	2023	2022
Property and capital stock	$ 125	$ 119	$ 108
Gross receipts and franchise	140	134	124
Payroll	41	38	36
Other general	14	16	13
Total general taxes	$ 320	$ 307	$ 281

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2024	2023	2022
Current income taxes:			
State	$ 16	$ 16	$ 26
Federal	136	28	82
Total current income taxes	$ 152	$ 44	$ 108
Deferred income taxes:			
State	$ 53	$ 44	$ 24
Federal	104	165	57
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	156	208	80
Provision for income taxes	$ 308	$ 252	$ 188

Presented in the table below is a reconciliation between the statutory federal income tax rate and the Company's effective tax rate for the years ended December 31:

	2024	2023	2022
Income tax at statutory rate	21.0 %	21.0 %	21.0 %
Increases (decreases) resulting from:			
State taxes, net of federal taxes	4.0 %	4.0 %	4.1 %
EADIT	(2.7)%	(4.2)%	(6.5)%
Other, net	0.4 %	0.3 %	0.1 %
Effective tax rate	22.7 %	21.1 %	18.7 %

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2024	2023
Deferred tax assets:		
Advances and contributions	$ 493	$ 478
Tax losses and credits	128	17
Regulatory income tax assets	181	191
Pension and other postretirement benefits	64	75
Other	163	172
Total deferred tax assets	1,029	933
Valuation allowance	(8)	(11)
Total deferred tax assets, net of allowance	$ 1,021	$ 922
Deferred tax liabilities:		
Property, plant and equipment	$ 3,553	$ 3,269
Deferred pension and other postretirement benefits	86	84
Other	244	268
Total deferred tax liabilities	3,883	3,621
Total deferred tax liabilities, net of deferred tax assets	$ (2,862)	$ (2,699)

As of December 31, 2024 and 2023, the Company had state net operating loss ("NOL") carryforwards of $251 million and $238 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards expire in 2025 through 2044.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of December 31, 2024, the Company has a CAMT credit carryforward of $111 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2019 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2022	$ 140
Increases in current period tax positions	26
Decreases in prior period measurement of tax positions	(8)
Balance as of December 31, 2022	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203

The Company's tax positions relate primarily to the deductions claimed for repair and maintenance costs on its utility plant. The Company expects a reduction of approximately $81 million in its unrecognized tax benefits within the next year due to the expiration of statutes of limitation, offset by current year activity.

If the Company sustains all of its positions as of December 31, 2024, an unrecognized tax benefit of $8 million, excluding interest and penalties, would impact the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2024 and 2023.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2022	$ 10
Increases in current period tax positions	1
Balance as of December 31, 2022	$ 11
Increases in current period tax positions	—
Balance as of December 31, 2023	$ 11
Decreases in current period tax positions	(3)
Balance as of December 31, 2024	$ 8

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001, except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2024, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3 %
Equity securities:						
U.S. large cap	155	29	—	—	126	11 %
U.S. small cap	34	34	—	—	—	2 %
International	258	—	—	—	258	19 %
Real estate fund	120	—	—	—	120	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17 %
Corporate bonds	489	—	489	—	—	35 %
Mortgage-backed securities	6	—	6	—	—	— %
Municipal bonds	20	—	20	—	—	2 %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Cash	$ 56	$ 56	$ —	$ —	$ —	4 %
Equity securities:						
U.S. large cap	134	23	—	—	111	9 %
U.S. small cap	37	37	—	—	—	3 %
International	235	—	—	—	235	16 %
Real estate fund	132	—	—	—	132	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	234	171	2	—	61	16 %
Corporate bonds	531	—	531	—	—	38 %
Mortgage-backed securities	8	—	8	—	—	1 %
Municipal bonds	23	—	23	—	—	2 %
Long duration bond fund	3	—	—	—	3	— %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,431	$ 287	$ 564	$ 32	$ 548	100 %

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2024 and 2023, respectively.

The Company's 2025 target pension plan asset allocation is 37% equity securities and 63% fixed income securities. The Company's 2024 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	83	—	83	—	—	86 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7 %
Corporate bonds	23	—	23	—	—	82 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	36 %
International	30	30	—	—	—	23 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	48	—	48	—	—	38 %
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100 %
Total	$ 253	$ 95	$ 158	$ —	$ —	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	86	—	86	—	—	85 %
Municipal bonds	4	—	4	—	—	4 %
Total bargained VEBA	$ 101	$ 11	$ 90	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	6 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	6 %
Corporate bonds	26	—	26	—	—	82 %
Municipal bonds	2	—	2	—	—	6 %
Total Active VEBA	$ 32	$ 4	$ 28	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	44	44	—	—	—	35 %
International	30	30	—	—	—	24 %
Fixed income securities:						
Municipal bonds	49	—	49	—	—	39 %
Total non-bargained VEBA	$ 125	$ 76	$ 49	$ —	$ —	100 %
Total	$ 258	$ 91	$ 167	$ —	$ —	100 %

The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2024 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,622	$ 1,578	$ 247	$ 255
Service cost	17	17	2	2
Interest cost	83	85	12	14
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	(55)	67	(18)	(4)
Settlements	(2)	(3)	—	—
Gross benefits paid	(105)	(118)	(22)	(24)
Federal subsidy	—	—	1	1
Other adjustments	—	(4)	—	—
Benefit obligation as of December 31,	$ 1,560	$ 1,622	$ 225	$ 247
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,431	$ 1,413	$ 258	$ 254
Actual return on plan assets	19	93	11	22
Employer contributions	49	46	3	3
Plan participants' contributions	—	—	3	3
Settlements	(2)	(3)	—	—
Benefits paid	(105)	(118)	(22)	(24)
Fair value of plan assets as of December 31,	$ 1,392	$ 1,431	$ 253	$ 258
Funded value as of December 31,	$ (168)	$ (191)	$ 28	$ 11
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 51	$ 73	$ 29	$ 12
Current liability	(2)	(2)	—	—
Noncurrent liability	(217)	(262)	(1)	(1)
Net amount recognized	$ (168)	$ (191)	$ 28	$ 11

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Net actuarial loss	$ 337	$ 340	$ 13	$ 30
Prior service credit	(5)	(8)	(84)	(115)
Net amount recognized	$ 332	$ 332	$ (71)	$ (85)
Regulatory assets (liabilities)	$ 304	$ 300	$ (71)	$ (85)
Accumulated other comprehensive income	28	32	—	—
Total	$ 332	$ 332	$ (71)	$ (85)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Projected benefit obligation	$ 916	$ 952
Fair value of plan assets	697	688

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Accumulated benefit obligation	$ 852	$ 875
Fair value of plan assets	697	688

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2025 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2025 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2025	$ 121	$ 22	$ 1
2026	122	22	1
2027	124	22	1
2028	124	21	1
2029	125	20	1
2030-2034	612	90	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2024	2023	2022	2024	2023	2022
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.50% in 2025	6.75% in 2024	7.00% in 2023
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.18%	5.58%	2.94%	5.22%	5.60%	2.90%
Expected return on plan assets	6.73%	6.79%	6.50%	5.00%	5.00%	3.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.75% in 2024	7.00% in 2023	6.00% in 2022
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2026+

NOTE: "N/A" in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each of the plans' projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company's pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.73% to estimate its 2024 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2024 other postretirement benefit costs.

For the years ended December 31, 2024, 2023 and 2022, the Company's mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2024	2023	2022
Components of net periodic pension benefit cost (credit):			
Service cost	$ 17	$ 17	$ 30
Interest cost	83	85	64
Expected return on plan assets	(94)	(94)	(122)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	22	13	21
Settlements	1	1	—
Net periodic pension benefit cost (credit)	$ 26	$ 19	$ (10)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ (1)	$ 3	$ (14)
Amortization of actuarial loss	—	(4)	(3)
Total recognized in other comprehensive income	(1)	(1)	(17)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 25	$ 18	$ (27)
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 3
Interest cost	12	14	10
Expected return on plan assets	(12)	(12)	(19)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	2	—
Net periodic other postretirement benefit (credit) cost	$ (29)	$ (25)	$ (37)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $14 million and $13 million for 2024, 2023 and 2022, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $18 million, $17 million and $16 million for 2024, 2023 and 2022, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.1 billion as of December 31, 2024.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2025	$ 81
2026	70
2027	63
2028	64
2029	64
Thereafter	859

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2024, the Company has accrued approximately $16 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $9 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the WVPSC issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project

costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2024	2023	2022
Numerator:			
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Denominator:			
Weighted average common shares outstanding—Basic	195	193	182
Effect of dilutive common stock equivalents	—	—	—
Weighted average common shares outstanding—Diluted	195	193	182

The effect of dilutive common stock equivalents is related to outstanding stock options, RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based awards were excluded from the computation of diluted EPS for the years ended December 31, 2024, 2023 and 2022, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS is $795 million and $720 million as of December 31, 2024 and 2023, respectively. This amount represents the principal amount owed under the secured promissory seller note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $793 million and $704 million as of December 31, 2024 and 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. As of December 31, 2023, the contingent cash payment was accounted for as a receivable, as the conditions had been satisfied, and its carrying amount, which approximated fair value, was included as a long-term asset in Other on the Consolidated Balance Sheets.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

	As of December 31, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

	As of December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments:				
Money market and other	26	—	—	26
Fixed-income securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets (liabilities)	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $71 million and $62 million in other current assets, as of December 31, 2024 and 2023, respectively, and $44 million and $111 million in other long-term assets, as of December 31, 2024 and 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

	As of December 31, 2023			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2024, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 57
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 94

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million and $144 million as of December 31, 2024 and 2023, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2025 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $12 million, $11 million and $12 million for the years ended December 31, 2024, 2023 and 2022, respectively.

For the year ended December 31, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $11 million. For the year ended December 31, 2024, ROU assets obtained in exchange for new operating lease liabilities was $11 million.

As of December 31, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities at December 31, 2024, were $11 million in 2025, $10 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029 and $86 million thereafter. At December 31, 2024, imputed interest was $47 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,505	$ 287	$ 3,792
Less:			
Operation and maintenance (a)	1,345	244	1,589
Other segment items (b)	173	11	184
Depreciation and amortization	633	16	649
Interest expense	314	119	433
Interest income	(2)	(50)	(52)
Gain on sale of businesses	—	(19)	(19)
Provision for income taxes	188	—	188
Net income (loss) attributable to common shareholders	$ 854	$ (34)	$ 820
Total assets	$ 25,038	$ 2,749	$ 27,787
Capital expenditures	$ 2,284	$ 13	$ 2,297

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

Note 21: Unaudited Quarterly Data

Presented in the tables below are supplemental, unaudited, consolidated, quarterly financial data for each of the four quarters in the years ended December 31, 2024 and 2023, respectively. The operating results for any quarter are not indicative of results that may be expected for a full year or any future periods.

	2024			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$ 1,011	$ 1,149	$ 1,323	$ 1,201
Operating income	326	449	543	400
Net income attributable to common shareholders	185	277	350	239
Basic earnings per share:				
Net income attributable to common shareholders	$ 0.95	$ 1.42	$ 1.80	$ 1.22
Diluted earnings per share:				
Net income attributable to common shareholders	0.95	1.42	1.80	1.22

	2023			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$ 938	$ 1,097	$ 1,167	$ 1,032
Operating income	295	432	478	299
Net income attributable to common shareholders	170	280	323	171
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 0.91	$ 1.44	$ 1.66	$ 0.88
Diluted earnings per share: (a)				
Net income attributable to common shareholders	0.91	1.44	1.66	0.88

(a) Amounts may not sum due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2024, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Chief Executive Officer Succession

On February 19, 2025, reflecting the Company's existing and ongoing executive development and succession planning activities by management and the Board of Directors, Ms. Hardwick, the Company's Chief Executive Officer and a director, notified Karl F. Kurz, Board Chair, of her decision to retire as the Company's Chief Executive Officer and principal executive officer, effective as of the conclusion of the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting"). In her notice, Ms. Hardwick also indicated her decision not to stand for re-election to the Board of Directors at the 2025 Annual Meeting. On February 19, 2025, the Board of Directors accepted Ms. Hardwick's notice and, upon the recommendation of the Nominating Committee, determined that she would not stand for re-election to the Board of Directors at the 2025 Annual Meeting. Ms. Hardwick's decision not to stand for re-election to the Board of Directors was not as a result of any disagreement with the Company or the Board of Directors on any matter relating to the Company's operations, policies or practices.

On February 19, 2025, to provide for the orderly succession of Ms. Hardwick's roles, the Board of Directors designated Mr. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as principal executive officer, effective as of the conclusion of the 2025 Annual Meeting, to hold office until the Company's 2026 Annual Meeting of Shareholders (the "2026 Annual Meeting") and until his successor has been elected and qualified, or until his earlier death, resignation or removal. Upon the recommendation of the Nominating Committee, the Board of Directors also nominated Mr. Griffith for election to the Board of Directors at the 2025 Annual Meeting, and he will be included among the director nominees of the Board of Directors to be named in the Company's 2025 Proxy Statement. If elected to the Board of Directors by the shareholders of the Company, Mr. Griffith would serve until the Company's 2026 Annual Meeting and until his successor has been elected and qualified, or until his earlier death, resignation or removal, and would not serve on any committee of the Board of Directors. See Item 1—Business—Information About Our Executive Officers, for more information about Mr. Griffith's business experience.

Other than existing compensatory arrangements between Mr. Griffith and the Company as described in the Company's 2024 Proxy Statement, in connection with his succession: (i) there are no arrangements or understandings between Mr. Griffith and any other person pursuant to which Mr. Griffith was designated or nominated to serve in his new roles, (ii) no material plan, contract or arrangement has been entered into with Mr. Griffith, and no such plan, contract or arrangement with Mr. Griffith has been materially amended, and (iii) no grant of any award to Mr. Griffith or modification of an existing award has been made. Mr. Griffith does not have any family relationship with any director or other executive officer of the Company, or any person nominated or chosen by the Company to become a director or executive officer, and does not have any direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K.

In connection with Ms. Hardwick's retirement, the ED&CC recommended, based on the advice of its independent compensation consultant, and the independent members of the Board of Directors approved, in addition to Ms. Hardwick's customary executive compensation for 2025 (which was consistent with her executive compensation for 2024), a discretionary cash payment to Ms. Hardwick of $800,000, less all applicable withholdings and deductions, in recognition of her outstanding service and performance in the role as Chief Executive Officer.

Board of Directors Committee Changes

As part of its annual 2025 committee review process and to appropriately distribute director responsibilities, on February 19, 2025, the Board of Directors, upon the recommendation of the Nominating Committee, appointed director Stuart M. McGuigan to serve on the ED&CC and the SETO Committee, and determined that director Patricia L. Kampling will no longer serve on the SETO Committee, each of which actions took effect immediately.

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2024, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains an Insider Trading and Prohibited Transactions Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the policy and practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading and Prohibited Transactions Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, establishing the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.8	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.9	Officers' Certificate, dated August 13, 2015, providing for a further issuance of the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.10	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.11	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.12	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.13	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.14	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).

Exhibit Number	Exhibit Description
4.15	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.16	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.17	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.18	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.19	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.20	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.21	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.22	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.23	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.24	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (filed herewith).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3*	Offer Letter for Employment, dated as of August 1, 2024, between American Water Works Company, Inc. and M. Susan Hardwick (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.4*	Offer Letter for Employment, dated February 16, 2021, between American Water Works Company, Inc. and Cheryl Norton (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.5*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.6*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.7*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.8*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (filed herewith).
10.9*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.10*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.11.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.11.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19, 2019).

Exhibit Number	Exhibit Description
10.12*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, dated as of March 1, 2007 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.13.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.13.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.14*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.15.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.15.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).
10.15.3*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2014 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 6, 2014).
10.15.4*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.16.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.16.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Restricted Stock Unit Grant.(incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.5*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.16.6*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.10*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.16.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-2 (incorporated by reference to Exhibit 10.14 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.16.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).

Exhibit Number	Exhibit Description
10.16.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.25*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.30*	Amendments to Forms of 2023 and 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (filed herewith).
10.16.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.16.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 31, 2024).
10.17*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.18*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.19.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.19.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.19.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.20.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.20.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.20.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (filed herewith).
10.21	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective April 26, 2023 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit Number	Exhibit Description
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.20.1, Exhibit 10.20.2 and Exhibit 10.20.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of February, 2025.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 19th day of February, 2025, by the following persons in the capacities indicated.

/s/ M. SUSAN HARDWICK	/s/ JEFFREY N. EDWARDS
M. Susan Hardwick **Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ MARTHA CLARK GOSS
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Martha Clark Goss** **(Director)**
/s/ MELISSA K. WIKLE	/s/ KIMBERLY J. HARRIS
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Kimberly J. Harris** **(Director)**
/s/ LAURIE P. HAVANEC	/s/ JULIA L. JOHNSON
Laurie P. Havanec **(Director)**	**Julia L. Johnson** **(Director)**
/s/ PATRICIA L. KAMPLING	/s/ KARL F. KURZ
Patricia L. Kampling **(Director)**	**Karl F. Kurz** **(Board Chair)**
/s/ MICHAEL L. MARBERRY	/s/ STUART M. McGUIGAN
Michael L. Marberry **(Director)**	**Stuart M. McGuigan** **(Director)**

Exhibit 4.25

DESCRIPTION OF AMERICAN WATER WORKS COMPANY, INC.'S EQUITY SECURITIES

The following description of the common stock, par value $0.01 per share (the "Common Stock"), of American Water Works Company, Inc., a Delaware corporation (the "Company"), is not intended to be complete. For more information regarding the Common Stock, please refer to the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation"), and the Company's Amended and Restated Bylaws (the "Bylaws"), which have been included as Exhibit 3.1 and Exhibit 3.2, respectively, to the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The following descriptions are based on the Certificate of Incorporation and Bylaws in effect as of February 19, 2025. The terms and provisions of the Certificate of Incorporation and Bylaws are hereby incorporated by reference herein. The terms of these securities also may be affected by the General Corporation Law of the State of Delaware (the "DGCL").

General

The Company's authorized capital stock consists of 500,000,000 shares of Common Stock and 50,000,000 shares of preferred stock. As of February 10, 2025, there were 194,947,313 shares of Common Stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

Other than with respect to director elections, except as otherwise required by law, all matters to be voted on by the Company's shareholders must be approved by a majority of the shares present in person or proxy at such meeting and entitled to vote on the subject matter. With respect to uncontested director elections, the Bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast (for this purpose, a majority of the votes cast means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee). For contested director elections where the number of nominees exceeds the number of directors to be elected, the Bylaws require that the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Dividends

Holders of Common Stock will share equally in any dividend declared by the Company's board of directors (the "Board"), subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, holders of the Common Stock would be entitled, after payment of the liquidation preference to all holders of any outstanding preferred stock, to share ratably in the Company's assets that are legally available for distribution to shareholders after payment of liabilities. The Company must pay the applicable distribution to any holders of its preferred stock before it may pay distributions to the holders of its common stock.

Other Rights

The Company's shareholders have no preemptive or other rights to subscribe for additional shares.

Preferred Stock

The Board may authorize the issuance of preferred stock from time to time in one or more series, without shareholder approval. Subject to the limits imposed by the DGCL, the Board is authorized to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series. The Board is also authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the Company's shareholders.

The Board may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of holders of Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control, causing the market price of shares of the Common Stock to decline, or impairing the voting and other rights of the holders of the Common Stock.

Certain Anti-Takeover Provisions of the Certificate of Incorporation and Bylaws, and the DGCL

The following provisions of the Certificate of Incorporation and Bylaws could deter, delay or prevent a third party from acquiring the Company, even if doing so would benefit the Company's shareholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for the Board to authorize the issuance of preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire the Company. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the Company.

Requirements for Advance Notification of Shareholder Meetings, Nominations and Proposals

The Bylaws provide that special meetings of shareholders may be called only upon the request of the majority of the members of the Board, upon request of the Company's Board Chair, or by the Company's Secretary upon request of shareholders holding at least 15% of the outstanding Common Stock. The Bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

The Bylaws establish advance notice procedures with respect to shareholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee thereof. A shareholder who wishes to bring a matter before a meeting or submit candidates for nomination as directors must comply with the Company's advance notice requirements and provide the Company with certain information, and, if applicable under the Bylaws, provide to the Company certain agreements and undertakings. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the members of the Board then in office, even though less than a quorum, or by shareholders. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of the Company.

Shareholder Action by Written Consent

As permitted by Section 228 of the DGCL, the Certificate of Incorporation states that any action required or permitted to be taken by the Company's shareholders must be effected at a duly called annual or special meeting of the Company's shareholders and may not be effected by consent in writing by such shareholders.

Approval of Acquisition of Control by Public Utility Commission

A significant number of the Company's regulated subsidiaries are subject to economic regulation by state public utility commissions. Some of these states have enacted laws that require regulatory approval for the acquisition of "control" of any regulated utility. In those states, obtaining "control" of the parent or any other company that controls a regulated utility also requires prior regulatory approval. The threshold for a change in control is a fact-specific inquiry that varies by state. For example, in some states, a presumption of control will arise when an acquiring party acquires more than 9.9% of the voting securities of the regulated utility or the controlling entity. In addition to ownership, other states may analyze the degree of influence or control an acquiror may exert over the Company. Any person acquiring the Common Stock in an offering or in any other purchase of the Common Stock in an amount sufficient to trigger a change in control under state law would need the prior approval of the applicable state public utility commission.

Certain Other Provisions of the Certificate of Incorporation and Bylaws and the DGCL

Board of Directors

The Certificate of Incorporation provides that the number of directors is fixed in the manner provided in the Bylaws. The Bylaws provide that the number of directors will be fixed from time to time by the Board.

Business Combinations under the DGCL

The Company is subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the shareholder became an "interested stockholder," subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the shareholder becoming an "interested stockholder." "Business combinations" include mergers, asset sales and other transactions

resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Limitations of Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties. The Company's Certificate of Incorporation includes a provision that eliminates the personal liability of directors (but not officers) for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of the duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful dividends or stock repurchases); or
- for transactions from which the director or officer derived an improper personal benefit.

The Certificate of Incorporation and Bylaws provide that the Company will indemnify its directors and officers to the fullest extent permitted by law. The Bylaws also expressly authorize the Company to carry directors' and officers' insurance providing indemnification for the Company's directors, officers and certain employees and agents for certain liabilities, and the Company has done so.

The limitation of liability and indemnification provisions in the Certificate of Incorporation and Bylaws may discourage shareholders from bringing a lawsuit against the Company's directors or officers for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against the Company's directors and officers, even though such an action, if successful, might otherwise benefit the Company and its shareholders. In addition, an investment in the Common Stock may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers in accordance with these indemnification provisions.

Proxy Access

The Bylaws permit an eligible shareholder or group of shareholders to include up to a specified number of director nominees in the Company's proxy materials for an annual meeting of shareholders. To qualify, the shareholders (or group of up to 20 shareholders) must have continuously owned for at least three years 3% or more of the Common Stock. The maximum number of shareholder nominees permitted under this proxy access provision is the greater of (i) two or (ii) 20% of the total number of directors on the Board as of the last day on which a proxy access notice may be submitted, rounded down to the nearest whole number.

Transfer Agent and Registrar

Equiniti Trust Company, LLC serves as the registrar and transfer agent for the Common Stock.

New York Stock Exchange Symbol

The Common Stock is listed on the New York Stock Exchange under the trading symbol "AWK."

Exhibit 10.8

November 1, 2024

Ms. Maureen Duffy
[REDACTED]
[REDACTED]

Dear Maureen:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Executive Vice President, Communications and External Affairs reporting to John Griffith, President, at our Camden, New Jersey headquarters office. The effective date of your new position is November 1, 2024. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Safety, trust, teamwork, high performance, and environmental leadership define our culture – a culture where every employee feels valued and lives up to his or her potential. Creating an environment where differences are embraced and where every person feels engaged and included makes us safer, stronger, and more successful. We believe that our success is based upon our employees having a vested interest in our business. As a part of our team, you will be tasked with helping make a great company even better – in doing so, you will be rewarded for your contributions. The following is our offer to you:

Base Salary: Your new annual salary will be approximately $465,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective November 1, 2024. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: Your target award eligibility previously at 50% will change to 60% of your annual base salary. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the 2024 American Water Long Term Performance Plan and your target opportunity under this plan will increase to 120% of your base salary. Effective November 1, 2024, you will receive a second set of grants that reflects the prorated difference between your February 2024 grants and the grant amount based on your new base salary and LTPP target percentage.

For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the "Plan"), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.).

In addition to the benefits you currently hold, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Plans: You will remain eligible to participate in our Non-Qualified Deferred Compensation Plan and Executive Retirement Plan. Under the Non-Qualified Deferred Compensation Plan, the Company may make employer matching contributions as soon as administratively practicable after the end of the applicable plan year.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and will be an eligible participant under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As you will be a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

M. Susan Hardwick
Chief Executive Officer
American Water

cc: Melanie Kennedy, Executive Vice President, Chief Human Resources Officer

I, Maureen Duffy, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

__/s/ MAUREEN DUFFY_____10/30/24_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confidentiality Policy and Agreement ("Confidentiality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confidential and propriety information and trade secrets. You acknowledge and agree that you are signing this Confidentiality Agreement for good and adequate consideration including your employment by or continuing employment by American Water or one of its subsidiaries (collectively, the "Company"); the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and the Company's willingness to provide you with valuable opportunities, consideration and/or benefits. You further acknowledge that this Confidentially Agreement is in addition to existing American Water policies addressing the handling of sensitive information, cyber and information security.

The Company's Confidentiality Policy

The protection of confidential business information and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confidential information including, without limitation: all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer-related data, marketing plans and strategies, financial information, technical information, technical processes and methods, algorithms, documents relating to any of the foregoing, and other written and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collectively, "Confidential Information"). Confidential Information includes all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if -- (A) the Company has taken reasonable measures to keep such information secret; and (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information. Confidential Information may also be "material, non-public information" as defined by federal securities laws and Company policy, both of which prohibit insider trading. Confidential Information may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analytic models. Confidential Information is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confidential Information must be protected as confidential and not copied, disclosed or used, directly or indirectly, at any time, other than for the Company's benefit (to the extent permitted by law), unless and until such knowledge or information is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such entities who need to know), publish or make use of any Confidential Information without the Company's express prior written consent; provided, however, that nothing shall prohibit or restrict an employee from participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, or any self-regulatory organization (collectively, the "Regulators"). Employees may engage in such activities with the Regulators without notifying or obtaining prior authorization from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confidential or proprietary information as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confidential Information to his or her attorney and may use the trade secret or Confidential Information in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confidential Information at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confidential Information except as required by court order.

Following the cessation of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confidential Information, and they shall not misappropriate, utilize, disclose or infringe upon the Confidential Information of the Company or any of its affiliates (including the recreation or reconstruction of Confidential Information from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confidential or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composition or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in writing. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confidential Information would not interrupt the legitimate business operations of the employee; and (iii) an injunction would not prevent the employee from entering into an employment relationship. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpretation, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with questions regarding this Confidentiality Agreement or the Company's Confidentiality Policy including questions regarding whether any particular information constitutes "Confidential Information," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confidential Information may be subject to disciplinary action, up to and including termination of employment, as well as legal action, even if the employee does not actually benefit from the disclosed information.

You acknowledge that you (a) have carefully read and considered the provisions of this Confidentiality Agreement and the Company's Confidentiality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confidentiality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

_/s/ MAUREEN DUFFY_____
Employee Signature

_Maureen Duffy_____
Employee Name (Print)

_10/30/24_____
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inventions you may make or works you may create in connection with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collectively, the "Company") and your treatment of the Company's confidential and proprietary information. You acknowledge and agree that you are signing this Agreement for good and adequate consideration including (a) your employment by or continuing employment by the Company; (b) the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportunities, consideration and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inventions" means any and all inventions, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or portions thereof, databases, trade secrets and proprietary information, documentation, and materials made, created, conceived or reduced to practice by you, whether alone or jointly with others.

a. Your Rights in Inventions

(i) Prior Inventions. In the space provided below, or on a separate sheet attached to this Agreement, you may list all Inventions (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or title in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inventions"). If you do list such Prior Inventions, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Invention that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementation of that portion of the AWIP Product which infringes your Prior Invention, or (ii) you acquiesced or permitted other Company employees to utilize your Prior Invention in the course of their development or implementation of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Invention you do not immediately notify in writing the Company's Legal Department of the Company's infringing use of your Prior Invention and the need for a license thereto. If you do not list a Prior Invention, you acknowledge and agree that no such Prior Inventions exist and, to the extent such Prior Inventions do exist, you waive any and all rights or claims of ownership to such Prior Inventions. You understand that your listing of any Prior Invention(s) here does not constitute an acknowledgment by the Company of the existence or extent of such Prior Invention, nor of your ownership of such Prior Inventions. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distributing.

Prior Inventions (description and identifying number of patent, copyright, or patent or copyright application, if applicable):

Title Date

Brief Description of Invention

ð A separate sheet listing Prior Inventions is attached.

(ii) Future Employee inventions. The Company acknowledges and agrees, in accordance with applicable state law, that any Inventions (a) that you develop entirely on your own time; and (b) that you develop without using the Company's equipment, supplies, facilities, or trade secret information; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the time of conception or reduction to practice, to the Company's business or products, or to the Company's actual or demonstrably anticipated research or development, will be owned entirely by you, even if developed by you during the time period in which you are employed by the Company.

b. AWIP's Rights In Inventions

(i) Assignment of Inventions to AWIP. You agree that all Inventions that (a) are developed using the equipment, supplies, facilities, or Proprietary Information of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to practice during your employment by the Company and relate to the business and products, or to the actual or demonstrably anticipated research or development of the Company ("AWIP Inventions"), are the sole and exclusive property of AWIP, and you hereby assign all your right, title and interest in such AWIP Inventions to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full written disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inventions, and provide access to all notes, materials, source code, or other items related to AWIP Inventions.

(iii) Assignment of Moral Rights to AWIP. In addition, to the extent permitted by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Invention(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of attribution (give credit to the author); and (2) the right of integrity in the AWIP Invention (not do something with an AWIP Invention, such as change or add to it, that would have a negative impact on the author's reputation). You agree to waive and never to assert any such "moral" rights in AWIP Inventions during or after the cessation of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inventions when distributed. You also agree that the Company retains sole discretion with regard to how and for what purposes, if any, such AWIP Invention(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, title and interest, including all intellectual property in and to works.

d. Protection of AWIP Inventions

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protections for AWIP Inventions in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protections.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a relationship of confidence and trust with respect to any information of a confidential, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confidential information of third parties disclosed to the Company. Such confidential, proprietary, and secret information includes, but is not limited to, information and material relating to past, present, or future Inventions, marketing plans, manufacturing and product plans, technical specifications, hardware designs and prototypes, business strategies, financial information, forecasts, personnel information, processes, methods, algorithms, and customer lists, and is referred to collectively in this Agreement as "Proprietary Information."

a. Confidentiality of Proprietary Information. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Information in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Information without the written consent of the Company, except as necessary to perform your duties as an employee of the Company. Upon the cessation of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored information, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored information, materials or copies thereof, or maintain access to such documents, information or materials, through online digital storage services, whether on paper, electronic media or storage devices, magnetic or optical media, or any other medium, containing any Proprietary Information.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Information of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confidential, or proprietary, or secret information of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confidential, proprietary or secret information of your former employer(s) or any other person(s) onto the Company's property or place any such information on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflicting Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupations, consulting or other business activities or commitments competitive with or directly related to the Company's business or products, or to its actual or demonstrably anticipated research or development, nor will you engage in any other activities that conflict with your employment obligations to the Company. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflicting Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your duties as a Company employee or your obligations under this Agreement, and you agree not to enter into any such conflicting agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to notify others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibilities under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory position, except for employees in a supervisory position in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessation of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any action intended to induce Company employees or contractors to terminate their relationship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to continued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of time or interferes with or restricts your right or the Company's right to terminate your employment at any time for any reason and with or without notice, or the Company's right to terminate your employment for just cause in accordance with the applicable collective bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sections 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sections 1, 2 or 4 of this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addition to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall continue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitration or judicial action between the parties relating to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdiction of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representatives, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obligations hereunder to any successor entity to the Company by operation of law or otherwise.

d. Entire Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the entire agreement between you and the Company relating to the subject matter of this Agreement. No modification to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both you and a Company officer. Any subsequent changes in your duties, salary or compensation will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regulations of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

_/s/ MAUREEN DUFFY_____ __10/30/24_____
Employee Signature Date

_Maureen Duffy_____
Employee Name (Print)

Exhibit 10.16.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2023 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2024	1/3
January 31, 2025	1/3
January 31, 2026	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2026, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2026, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2026, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2026, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph

3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2026, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a)

above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

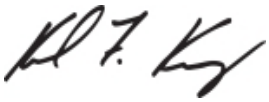
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.16.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2024 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2025	1/3
January 31, 2026	1/3
January 31, 2027	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2027, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2027, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant,

"Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2027, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this

Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by

the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

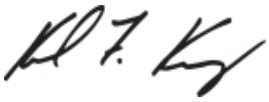
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.16.21

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2023 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2022, and December 31, 2025, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2023 and ending December 31, 2025, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the

number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2024, but prior to January 31, 2025; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2026. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2024 or a Change of Control, the Participant's employment or service with the

Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2026 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2023 LTPP, complete

the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York

Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither

shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

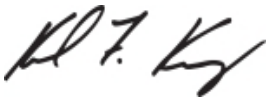
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.16.23

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2023 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2023 and ending December 31, 2025.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2024, but prior to January 31, 2025; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2026. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2024 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2026 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2023 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

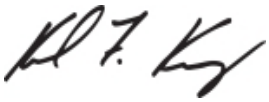
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET
AND CALCULATION HERE]

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2023, and December 31, 2026, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$TSR = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number

of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the

Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is

and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made

pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

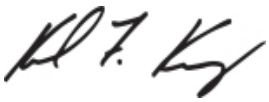
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.16.27

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax

liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

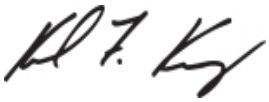
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.16.29

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax

liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

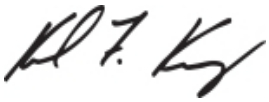
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

AMENDMENT TO FORMS OF 2023 AND 2024 LONG-TERM PERFORMANCE PLAN GRANT DOCUMENTS FOR MAUREEN DUFFY, MELANIE M. KENNEDY AND STACY A. MITCHELL

Effective December 6, 2024, Section 15 of the grant documents for the 2023 and 2024 Restricted Stock Unit Grants has been amended for each of the above-referenced executive officers of American Water Works Company, Inc., as follows:

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may~~, at the Committee's discretion,~~ be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles ~~minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities~~.

Effective December 6, 2024, Section 16 of the 2023 Performance Stock Unit Grant Forms A1 and B1, and the 2024 Performance Stock Unit Grant Forms A1, B1 and C1, has been amended for each of the above-referenced executive officers of American Water Works Company, Inc. as follows:

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may~~, at the Committee's discretion,~~ be satisfied by having shares of Company Stock withheld ~~up to an amount that does not exceed the minimum applicable withholding tax rate~~ for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

Execution Version

AMENDMENT NO. 2 TO SECURED SELLER NOTE AGREEMENT

This AMENDMENT NO. 2 TO SECURED SELLER NOTE AGREEMENT, dated as of December 3, 2024 (this "Amendment"), is entered into by and among Lakehouse BidCo Inc., a Delaware corporation ("Holdings"), Lakehouse Buyer Inc., a Delaware corporation (the "Borrower"), each Subsidiary Guarantor party hereto and American Water Enterprises, LLC, a Delaware limited liability company (the "Lender").

RECITALS

WHEREAS, the Borrower, Holdings, the Subsidiary Guarantors and the Lender have entered into that certain Secured Seller Note Agreement, dated as of December 9, 2021 (as supplemented by that certain Joinder Agreement, dated as of January 6, 2022, as modified by that certain Limited Waiver, dated as of April 27, 2022, as amended by that certain Amendment No. 1, dated as of February 2, 2024, and as further amended, extended, restated, amended and restated, replaced, supplemented or otherwise modified from time to time prior to the date hereof, the "Seller Note Agreement"; the Seller Note Agreement, as amended by this Amendment, the "Amended Seller Note Agreement");

WHEREAS, Section 8.02 of the Seller Note Agreement provides that Holdings, the Borrower and the Lender may amend provisions of the Seller Note Agreement pursuant to an agreement in writing; and

WHEREAS, the Borrower and Holdings have requested that the Lender consent to the amendments to the Seller Note Agreement as set forth in Section 2 below.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Holdings, the Borrower, the Subsidiary Guarantors and the Lender hereby agree as follows:

Section 1. Defined Terms; References. Unless otherwise specifically defined herein, each capitalized term used herein which is defined in the Amended Seller Note Agreement has the meaning assigned to such term in the Amended Seller Note Agreement. The rules of construction specified in Section 1.02 of the Amended Seller Note Agreement also apply to this Amendment.

Section 2. Amendment to the Seller Note Agreement.

Effective as of the Amendment No. 2 Effective Date, Section 6.01(r) of the Credit Agreement is hereby amended by replacing the reference to "$75,000,000" therein with "$100,000,000".

Section 3. Conditions to Effectiveness. This Amendment shall become effective as of the first date (the "Amendment No. 2 Effective Date") on which the following conditions have been satisfied or waived:

(a) The Lender (or its counsel) shall have received (i) from each Loan Party, either (A) a counterpart of this Amendment signed on behalf of such Loan Party or (B) written evidence satisfactory to the Lender (which may include facsimile or other electronic transmissions of signed signature pages) that such parties have signed counterparts of this Amendment, and (ii) an executed copy, dated as of the date hereof, of an amendment to that certain Revolving Credit Agreement, dated as of December 9, 2021, among the Borrower, Holdings, the subsidiaries of Holdings party thereto, Bank of America, N.A., as Administrative Agent and the lenders party thereto.

(b) The Borrower shall have paid all reasonable and documented out-of-pocket fees and expenses incurred in connection with this Amendment and the transactions contemplated hereby, including legal fees and expenses invoiced by Allen Overy Shearman Sterling US LLP (in its capacity as legal counsel to the Lender) at least two Business Days prior to the Amendment No. 2 Effective Date.

Section 4. Representations and Warranties. Each Loan Party represents and warrants to the Lender, as of the Amendment No. 2 Effective Date and after giving effect to this Amendment:

(a) each of the representations and warranties contained in the Loan Documents are true and correct in all material respects (provided that any representation or warranty that is qualified by materiality or Material Adverse Effect shall be true and correct in all respects) on and as of the Amendment No. 2 Effective Date, with the same effect as though made on and as of such date; except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any representation or warranty qualified by materiality or Material Adverse Effect, in all respects) on and as of such earlier date;

(b) the transactions contemplated by this Amendment are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders;

(c) this Amendment has been duly executed and delivered by each Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing;

(d) the execution and delivery of this Amendment by each Loan Party party hereto, the performance by such Loan Party hereof and the transactions contemplated by this Amendment (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (A) such as have been obtained or made and are in full force and effect, (B) for filings necessary to perfect Liens created pursuant to the Loan Documents and (C) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which could not be reasonably expected to have a Material Adverse Effect, (ii) will not violate (1) such Loan Party's Organizational Documents or (2) any Requirement of Law applicable to Holdings or the Borrower which, in the case of this clause (ii)(2), could reasonably be expected to have a Material Adverse Effect, and (iii) will not violate or result in a default under any material Contractual Obligation of any such Loan Parties which violation or default could reasonably be expected to result in a Material Adverse Effect;

(e) as of the Amendment No. 2 Effective Date, immediately prior to giving effect to this Amendment, (i) no Default or Event of Default has occurred and is continuing, and (ii) immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing;

(f) since the Closing Date, there has been no event or condition that has resulted, or would reasonably be expected to result, in a Material Adverse Effect;

(g) as of the Amendment No. 2 Effective Date, all information (other than (i) forecasts, financial estimates, other forward-looking information and/or (ii) projected information and information of a general economic or industry-specific nature) concerning Holdings and the Borrower that was prepared by or on behalf of Holdings or the Borrower or their respective representatives and made available to the Lender in connection with the transactions contemplated hereby on or before the Amendment No. 2 Effective Date, when taken as a whole, did not, when furnished, contain any untrue statement of a material fact or omit to state a material

fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time prior to the Amendment No. 2 Effective Date);

(h) as of the Amendment No. 2 Effective Date, immediately after giving effect to the transactions contemplated hereby, (i) the sum of the debt (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, does not exceed the fair value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, (ii) the present fair saleable value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not less than the amount that will be required to pay the probable liabilities (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, on their debts as they become absolute and matured, (iii) the capital of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not unreasonably small in relation to the business of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, contemplated as of the Amendment No. 2 Effective Date, and (iv) Holdings and its Subsidiaries, on a consolidated basis taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debts as they mature in the ordinary course of business. For purposes of the foregoing determination, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability; and

(i) on the Amendment No. 2 Effective Date, not more than 25% of the value of the assets of Holdings, and its Subsidiaries, taken as a whole, is represented by Margin Stock.

Section 5. Further Acknowledgments.

(a) The Borrower acknowledges and agrees that (A) (i) it shall be liable for all Obligations (for the avoidance of doubt, after giving effect to the transactions contemplated hereby) with respect to the Loan provided hereby and (ii) all such Obligations shall be entitled to the benefits of the Collateral Documents and the Loan Guaranty, (B) after giving effect to this Amendment, the Collateral Documents continue to be in full force and effect and affirms and confirms the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and (C) the Obligations, together with all fees, costs, expenses and other charges due and owing by the Borrower to the Lender under the Loan Documents as of the date hereof are unconditionally owing by the Borrower to the Lender, without offset, defense or counterclaim of any kind, nature or description whatsoever.

(b) Each Loan Guarantor acknowledges and agrees to each of the provisions of this Amendment. Each Loan Guarantor acknowledges and agrees that after giving effect to this Amendment, the Loan Guaranty and the Collateral Documents continue to be in full force and effect and affirms and confirms its guarantee of the Obligations and the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and shall accrue to the benefit of the Lender and shall not be affected, impaired or discharged hereby or by the transactions contemplated by this Amendment.

(c) Each of the Borrower and each Loan Guarantor hereby acknowledges and agrees that neither the modification of the Seller Note Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred.

Section 6. Governing Law. (a) THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. SECTIONS 8.10 AND 8.11 OF THE SELLER NOTE AGREEMENT ARE HEREBY INCORPORATED *MUTATIS MUTANDIS* AND SHALL APPLY HERETO.

Section 7. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity and enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8. Miscellaneous.

(a) This Amendment may be manually or electronically executed in counterparts (and by different parties hereto on different counterparts (including by facsimile or electronic transmission (including .pdf file, .jpeg file, Adobe Sign, or DocuSign))), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the other Loan Documents and any separate letter agreements with respect to fees payable to the Lender constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Amendment shall become effective when it shall have been executed by Holdings, the Borrower, the other Subsidiaries of Holdings party hereto and the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or by email as a ".pdf" or ".tif" attachment shall be effective as delivery of a manually executed counterpart of this Amendment.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. Effect of Amendment.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of, the Lender under the Seller Note Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The parties hereto acknowledge and agree that this Amendment shall not constitute a novation of the Seller Note Agreement and the other Loan Documents as in effect prior to the Amendment No. 2 Effective Date or serve to effect a novation of the Obligations outstanding under the Seller Note Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect. Nothing herein shall be deemed to establish a precedent for purposes of

interpreting the provisions of the Seller Note Agreement or entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply to and be effective only with respect to the provisions of the Seller Note Agreement and the other Loan Documents specifically referred to herein.

(b) On and after the First Amendment Effective Date, each reference in the Seller Note Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Seller Note Agreement, "thereunder", "thereof", "therein" or words of like import in any other Loan Document, shall be deemed a reference to the Amended Seller Note Agreement. This Amendment shall constitute a "Loan Document" for all purposes of the Seller Note Agreement and the other Loan Documents.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their officers as of the date first above written.

LAKEHOUSE BIDCO INC.,
as Holdings

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

LAKEHOUSE BUYER INC.,
as the Borrower

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

PIVOTAL HOME SOLUTIONS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES HOLDINGS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF TEXAS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF FLORIDA, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

[Signature Page to Amendment No. 2]

AMERICAN WATER ENTERPRISES, LLC, as the Lender
By: AMERICAN WATER WORKS COMPANY, INC., its sole member

By: /s/ DAVID M. BOWLER
Name: David M. Bowler
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Amendment No. 2]

Exhibit 19.1

POLICY DOCUMENT

Insider Trading and Prohibited Transactions Policy

Policy Number: POL-LEG01

Applicability: American Water Works Company, Inc. and its subsidiaries

Effective Date: 12/1/2024

ELT Sponsor: Executive Vice President and General Counsel

Document Author: Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Policy governs securities trading and transactions and the confidentiality of material, non-public information related to the Company. This Policy has been adopted by the Company's Board of Directors to promote compliance with Securities Laws that prohibit trading in securities on the basis of material non-public information.

This Policy applies to transactions in Company Securities and Derivative Securities. The Policy also applies to transactions in Other Securities of an entity other than the Company, when (i) a Covered Person is aware of material, non-public information regarding that entity and (ii) the information is obtained through the Company or by virtue of a person's employment or other relationship with the Company.

It is important that all Covered Persons review the Policy carefully and periodically. Noncompliance with the Policy is grounds for immediate sanctions, including but not limited to termination of employment or service. Trading on the basis of material non-public information is also a serious violation of Securities Laws, leading potentially to both civil and criminal penalties.

Section X contains a list of definitions for capitalized terms used in this Policy.

II. POLICY STATEMENT

All persons or entities subject to this Policy have ethical and legal obligations to (i) maintain the confidentiality of information about the Company and (ii) not engage in Covered Transactions while aware of material non-public information at the time of the transaction. In all cases, the responsibility for determining whether a person or entity is aware of material non-public information rests with that person or entity.

Furthermore, the Policy prohibits certain other transactions, called "Prohibited Transactions", that tend to focus on short-term profit or loss, rather than the long-term success of the Company. By eliminating Prohibited Transactions, the Company seeks to align the interests of Covered Persons with the Company's business strategy and the Company's long-term shareholders. These transactions are prohibited even in circumstances where a Covered Person may not be aware of any material non-public information.

Except as specifically noted herein, there are no exceptions to this Policy.

III. THE INSIDER TRADING POLICY

A. Who is Covered by the Policy?

This Policy applies to all Covered Persons, and to Family Members and Controlled Entities of Covered Persons, as further described below. Each Covered Person is individually responsible for complying with this Policy. A Covered Person is also responsible for transactions of the Covered Person's Family Members and Controlled Entities. For the purposes of this Policy and the Securities Laws, each Covered Person should treat all transactions by Family Members or Controlled Entities as if the transactions were for the Covered Person's own account. Therefore, a Covered Person must make their Family Members

aware of the need to communicate with the Covered Person before a Family Member or any related Controlled Entity engages in a transaction covered by this Policy.

A Covered Person may continue to be subject to the Policy after the end of employment or service with the Company. If a Covered Person is aware of material non-public information when employment or service with the Company ends for any reason, the Covered Person (including Family Members and Controlled Entities) may not engage in Covered Transactions (as described in Section III.D of this Policy) until that information has become public or is no longer material. A determination as to whether, and for how long, a Covered Person may remain as such following such person's resignation, retirement or termination of service from the Company, may be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer in appropriate circumstances.

B. What is Material Information?

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell Company Securities, Derivative Securities or Other Securities. Any information that could reasonably be expected to affect the price of these securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data. Materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. The broadest interpretation should be given as to whether information is material, and it is important to review the information in context of other existing information and other surrounding facts and circumstances. The following is an illustrative list of information that could be regarded as material:

- Quarterly and annual earnings or losses and other similar financial information
- Earnings guidance or projections about earnings or other financial information, including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- Significant events associated with regulatory proceedings involving the Company's utility subsidiaries, including, without limitation, the initiation, termination and resolution of such proceedings;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related person transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation or investigations, including the resolution of or other significant developments with respect to any litigation or investigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption of or to the Company's operations;
- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

When in doubt as to the materiality of any non-public information, a Covered Person should refrain from entering into any transaction and consult with their manager or supervisor, or the Chief SEC Counsel.

If a manager discloses material non-public information to other persons, the manager must let them know that they are prohibited from engaging in transactions, except as permitted by this Policy or the Personal

Securities Trading and Preclearance Practice, until such time as the information is no longer material or has been publicly disclosed by the Company, as explained in Section III.C. below.

C. When is Information Considered Public?

Information that has not been broadly disclosed to investors and the trading markets is generally considered to be non-public information. For information to be publicly disclosed, information must have been broadly disseminated to investors and sufficient time given for the trading markets to process and absorb that information.

Information generally would be considered broadly disseminated if it has been disclosed through:

- a filing with the SEC, such as a Form 8-K or other report;
- a press release issued via a national newswire service;
- a broadcast on a broadly-available radio or television program; or
- publication in a newspaper or magazine with significant circulation (such as *The Wall Street Journal*).

By contrast, information would likely not be considered broadly disseminated if it is available only to the Company's employees or if it is only available to a select group of third parties. For example, disclosures made in regulatory proceedings, such as testimony given or briefs filed in rate cases, or in litigation proceedings, may be considered non-public for purposes of this Policy even though the information may no longer be viewed as confidential. Depending on the specific facts and circumstances, information on the Company's or another web site may or may not be broadly disseminated; thus, such information should not be viewed as publicly disclosed for purposes of this Policy unless determined otherwise by the Chief SEC Counsel after consultation with the General Counsel and/or Chief Financial Officer.

Once information is broadly disseminated, it is necessary to allow sufficient time for the investing public to absorb the information. As a general rule, and while specific facts may require or permit reaching a different conclusion, information should be considered absorbed by the marketplace when two full trading days have elapsed after the information is broadly disseminated.

Questions as to whether information may be considered public should be discussed with the Chief SEC Counsel.

D. What is a Covered Transaction?

The Policy applies to any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy (these are collectively referred to in this Policy as "Covered Transactions"). Issuers of Other Securities may be other companies or entities with which the Company does business, such as a customer, vendor, contractor or supplier of the Company.

For purposes of this Policy, a Covered Transaction includes transactions even when nothing is received in exchange for the security, and regardless of whether the transaction is effected in the open market or in a privately-negotiated transaction.

The following are illustrative examples of Covered Transactions:

- ordinary open-market purchase and sales;
- gifts of securities;
- transfers or contributions of securities to a trust or other entity;
- private sales or transfers of securities, effected other than through a broker or a securities market;
- transfers among family members or other related parties;
- reorganizations of entities that own securities;
- transfers following death or incident to the divorce of the owner;
- transfers that may be required by a legal process, or a court or administrative order.

E. What Trading and Disclosure Activities are Prohibited by the Policy?

No Covered Person, Family Member or Controlled Entity who is aware of material non-public information may, directly or indirectly (including indirectly through Family Members, Controlled Entities or other persons who may not be aware of such information):

- engage in any Covered Transaction in Company Securities or Derivative Securities, except through a Rule 10b5-1 plan approved as provided in this Policy;
- engaged in any Covered Transaction in Other Securities when aware of material non-public information about the other company;
- advise others, generally or specifically, concerning a Covered Transaction;
- disclose material non-public information (also called "tipping") to persons within or outside the Company to any person who does not have a "need to know" that information, except for disclosures made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
- assist anyone in taking any of the foregoing actions.

These prohibitions remain in effect until the material non-public information is fully disclosed and broadly disseminated to the public, or until the information, although not disclosed, ceases to be material. For example, knowledge about an impending potential acquisition would no longer be material if the parties ultimately determine not to enter into an acquisition agreement.

F. Special Situations: Transactions under Company Plans

Transactions involving Company Securities and Derivative Securities under certain of the Company's benefit and other plans are subject to the following rules:

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Stock option exercises	the exercise of a Derivative Security, such as a stock option, acquired pursuant to a Company equity compensation plan; or any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements.	Any sale of Company Securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option.
Equity compensation plan awards	the granting or vesting of Derivative Securities or Company Securities that are awards (including options, restricted stock units, performance stock units or shares of common stock) under any Company equity compensation plan that has been approved by the Company's stockholders; or any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements, if effected in compliance with the terms of a Company equity compensation plan or award.	Any simultaneous or subsequent sale of Company Securities.

ESPP	any decision to enroll in the ESPP during an ESPP open enrollment period; any purchases of Company Securities through the ESPP resulting from a periodic contribution of money to the ESPP during a purchase period pursuant to a payroll contribution election; any changes in a payroll contribution election made in accordance with the terms of the ESPP; or any decision to terminate or suspend participation in the ESPP If the ESPP obtains Company Securities in open-market transactions rather than from the Company, enrollments in and changes in payroll contribution elections would become subject to the Policy. In this case, the Company would communicate this change to persons subject to the Policy.	Any sales of Company Securities purchased pursuant to the ESPP.
Dividend reinvestment plans and programs	An election to participate or terminate participation in American Water Stock Direct, the Company's direct stock purchase and dividend reinvestment plan (or any successor plan); purchases of Company Securities through American Water Stock Direct resulting solely from the automatic reinvestment of dividends paid on the Company's Securities; or purchases of Company Securities resulting solely from the automatic reinvestment of dividends paid on the Company's Securities pursuant to any dividend reinvestment program, plan or feature offered by a third-party broker or dealer (a "Broker DRP") that operates in a manner substantially similar to American Water Stock Direct. If Company Securities are provided to American Water Stock Direct in open-market transactions rather than directly from the Company, elections to participate in this plan would become subject to the Policy. In this case, the Company will communicate this change to persons subject to the Policy.	An election to participate or terminate participation in a Broker DRP; voluntary purchases of Company Securities resulting from additional contributions in American Water Stock Direct; or any sale of any Company Securities received through any reinvestment of dividends on Company Securities, whether through American Water Stock Direct, a Broker DRP or otherwise.
Other transactions with the Company	Any other purchase of Company Securities from the Company or sales of Company Securities to the Company	N/A

G. Rule 10b5-1 Plans

Under SEC Rule 10b5-1, a purchase or sale of a security will not be deemed to have been made on the basis of material non-public information if the person making the trade demonstrates that the trade was made pursuant to a binding agreement or written plan entered into or adopted at a time that the person was not aware of any material nonpublic information, and otherwise complies with all of the other requirements of such rule. As used in this Policy, a Rule 10b5-1 plan refers to a written plan (a) regarding the method for effecting future transactions in securities entered into or adopted at a time when the person is not aware of material non-public information and (b) that complies with all of the requirements of such rule. A person that effects a transaction pursuant to a valid and compliant Rule 10b5-1 plan may have a defense against a claim that the transaction violated the U.S. federal insider trading rules.

Transactions under a Rule 10b5-1 plan as defined above will not be subject to this Policy if all of the following conditions below are met:

- The Rule 10b5-1 plan must comply and be operated in accordance with all applicable legal requirements, including under the Federal securities laws.
- The Rule 10b5-1 plan must be entered into during an open trading window and when a person is not aware of material non-public information, and should not involve complex trading mechanisms.
- The Rule 10b5-1 plan may be amended or terminated only (a) when a person is not aware of material non-public information and (b) in accordance with all of the requirements of Rule 10b5-1.
- The transaction must comply with all of the terms and conditions of the Rule 10b5-1 plan.
- All applicable requirements in the Personal Securities and Trading Preclearance Practice with respect to Rule 10b5-1 plans and SEC reporting requirements must be met.
- The Rule 10b5-1 plan must be reviewed and approved by the Chief SEC Counsel prior to any effecting any transactions, except that with respect to the review of a Rule 10b5-1 plan for any director or executive officer, the Chief SEC Counsel will consult with the Chief Executive Officer, the Chief Financial Officer and the General Counsel, who will collectively confer and determine whether to approve the Rule 10b5-1 plan.

H. Mutual Funds

Transactions in securities issued by mutual funds, exchange-traded funds, index funds or other “broad basket” funds that own or hold Company Securities as one of many investments are not subject to this Policy.

IV. PROHIBITED TRANSACTIONS

Even in circumstances where a director, officer or employee is not aware of material non-public information, they (including Family Members and Controlled Entities) may not engage in Prohibited Transactions, each of which is described in more detail below. These include:

- Short sales and “short sales against the box”;
- Hedging transactions and other transactions in Derivative Securities; and
- Pledging and margin transactions

The ban on Prohibited Transactions seeks to focus directors, officers and employees on the long-term goals and prospects of the Company and to prevent them from being distracted by speculative trading in Company Securities or Derivative Securities. Also, the Company seeks to prevent such persons from limiting their investment risk in Company Securities.

The following is a brief description of each type of Prohibited Transaction:

- Short sales and “short sales against the box”: A short sale is generally a sale of a security that the seller does not own, with the plan to repurchase the security at a later time when the price is lower. A short-seller generally must borrow the security from its owner to deliver it to the purchaser. A “short sale against the box” is generally a short sale involving a security that the seller owns but does not deliver to the purchaser.

  A short seller of Company Securities or Derivative Securities can profit from the transaction only to the extent the price of the security decreases. Short sales may reduce a seller’s incentive to improve the Company’s performance. In addition, under the Securities Laws, it is unlawful for any of the Company’s directors or Section 16 officers to engage in short sales and certain “short sales against the box” of Company Securities or Derivative Securities.

  For these reasons, short sales and “short sales against the box” involving Company Securities and Derivative Securities by Company directors, officers and employees (and their Family Members and Controlled Entities) are prohibited.

- Hedging transactions: A hedging transaction with respect to a security is a transaction entered into for the purpose of reducing or eliminating the market price risk associated with the ownership of that security. A hedging transaction allows an investor to focus on short-term performance at the expense of long-term objectives.

  For example, if a person owns a Company Security, a hedging transaction can involve the purchase of a put option or the sale of a call option with respect to that security. Call options and put options allow the purchaser and the seller, in effect, to speculate in the price of the Company

Security and minimize the risk incurred if the price were to change. In this example, a call option is a Derivative Security that entitles the holder to purchase a Company Security at a specified price at any time before a future date. A put option is a Derivative Security that entitles the holder to sell a Company Security at a specified price at any time before a future date. Hedging transactions may include transactions involving combinations of call options and put options, sometimes described as “spreads” or “collars.”

Some additional examples of hedging transactions are:

- a current sale of the security for delivery in the future, either at a fixed price or at a price that can fluctuate;
- an agreement by the holder to exchange future investment results, such as dividends or market price changes, with respect to the security owned by such person for another fixed or variable investment return; or
- the deposit of securities owned in a so-called “exchange fund,” which also owns the securities deposited by a number of other participants, in exchange for an ownership interest in the fund, thereby diversifying the risk of the ownership of the securities.

Because hedging transactions can result in the misalignment between the ownership interest of the Company’s directors, officers and employees and those of the Company’s stockholders, no director, officer or employee (including Family Members or Controlled Entities) may engage in any of the transactions described above, in any purchase or sale of a Derivative Security, or in any other transaction of a similar nature (as determined by the Chief SEC Counsel, the General Counsel or the Chief Financial Officer) that has the effect of reducing or eliminating the investment risk associated with any Company Securities owned by such person.

To the extent they may be Derivative Securities, the granting, exercise, vesting and earning of awards issued under any of the Company’s equity compensation plans are not considered hedging transactions under this Policy; however, buying or selling any Derivative Security with respect to such securities is prohibited.

- Pledging and margin transactions: A pledge of Company Securities involves the offering of such securities to a lender as collateral for a loan. A margin of Company Securities involves the use of Company Securities in a margin account as collateral for an investment in securities.

  Any pledging or margining of Company Securities puts the shares of Company Securities at risk of sale if the loan is not repaid or if the value of securities subject to a pledge or held on margin decreases in value. For this reason, no director, officer or employee (including Family Members or Controlled Entities) may:

  - pledge Company Securities as collateral for a loan or other obligation (such as to cover overdrafts or shortfalls in another account);
  - use Company Securities as collateral in a margin account for a loan or for any other obligation in connection with the purchase of a security; or
  - engage in any other similar transaction that has the effect of using Company Securities as collateral or security for a loan or any other obligation.

  This prohibition applies whether the Company Securities have been acquired from the Company, in the open market or otherwise. However, this prohibition does not apply to any “cashless exercise” of a stock option issued under a Company equity compensation plan.

  Because the default terms of many brokerage agreements may permit shares held in brokerage accounts to be marginable or used to secure another obligation, brokers should be instructed that Company Securities held in any such account must not be subject to any pledge, security interest or margin. Further, Company Securities or Derivative Securities should not be held in an account that allows pledging of the securities in the account or the purchase of any securities on margin.

V. RELATED PRACTICES AND REQUIREMENTS

Personal Securities Trading and Preclearance Practice

The Personal Securities Trading and Preclearance Practice issued under this Policy contains provisions that govern the preclearance and trading of Company Securities. A violation of the Practice is considered a violation of the Policy. You should consult the Practice before engaging in any transaction involving Company Securities.

Stock Ownership Guidelines and Stock Retention Requirements

The Board of Directors has adopted the Executive Stock Ownership Guidelines and Executive Stock Retention Requirements for employees at specified levels and has adopted stock ownership requirements for members of the Board of Directors. Any preclearance request will consider compliance with these guidelines and requirements before approval. If you are covered by these guidelines or requirements, please consult with the Chief SEC Counsel or the relevant documentation for more information.

VI. NON-COMPLIANCE

The violation of any insider trading prohibition, including the purchase and sale of securities while aware of material non-public information or the disclosure of material non-public information to others who then trade in the Company's Securities, Derivative Securities or Other Securities, is prohibited by the Securities Laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as foreign authorities. Securities Laws may also impose liability on companies and other persons in positions of control if they fail to take reasonable steps to prevent insider trading by Company personnel. There are no minimum requirements on the size of the transaction that can trigger insider trading liability. Relatively small trades have in the past led to civil and criminal investigations, and lawsuits.

There are strict criminal and civil penalties under the U.S. securities laws for committing illegal insider trading:

- A criminal prosecution can result in a fine of up to $5 million and imprisonment for up to 20 years for each act.
- In a civil action brought by the SEC, a person who has been found to have engaged in insider trading, or of having communicated material non-public information to another person who engages in insider trading, can be held liable for a penalty up to three times the profit gained, or the loss avoided.
- The SEC has the authority to obtain a court order barring a director or officer who has engaged in insider trading from serving, either permanently or for a period of time, as a director or officer of any public company.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including but not limited to termination of employment or service for cause, whether or not the person's failure to comply results in a violation of law. A violation of law, or even an SEC investigation that does not result in a prosecution, can tarnish a company's or person's reputation and irreparably damage a career.

VII. STRATEGIC OBJECTIVES

This Policy addresses strategic objectives for compliance with applicable Securities Laws related to insider trading, and to protect the Company's reputation for integrity and ethical conduct.

VIII. MONITORING

The Chief SEC Counsel, together with the General Counsel and Chief Compliance Officer, should periodically review the efficacy of this Policy in addressing the strategic objectives described above.

IX. WAIVERS; MODIFICATIONS

Waivers or exceptions to this Policy may be made only be the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The General Counsel shall maintain all documentation related to waivers or exceptions to this Policy in accordance with applicable document retention policies. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

X. DEFINITIONS

The following definitions apply to this Policy:

- *The Company*: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require
- *Chief SEC Counsel*: The person having the title or serving in the role of the Chief SEC Counsel, or their designee, or, in the absence of the Chief SEC Counsel and designee, the General Counsel
- *Company Securities*: Equity securities (common stock) and debt securities (debentures, bonds and notes) of the Company
- *Controlled Entity*: any corporation, partnership, limited liability company, trust or other entity (whether for-profit or not-for-profit) that is influenced or controlled by any Covered Person, or any Family Member or another Controlled Entity of a Covered Person
- *Covered Persons*: all directors, officers, employees, consultants and independent contractors of the Company
- *Covered Transactions:* any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy
- *Derivative Securities*: Contracts or instruments that derive value from the price of a Company Security
- *ESPP:* The Company and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, as it may be amended from time to time, including any predecessor or successor plan.
- *Family Members* with respect to a Covered Person include any of the following:
    - A spouse, child (including a child away at college), stepchild, parent, stepparent, mother-in-law or father in-law, of such Covered Person
    - Any other relative or person who lives in the household of such Covered Person, other than a domestic employee or tenant
    - Any other person who does not live the household of such Covered Person but whose transactions in Company Securities, Derivative Securities or Other Securities may be directed by the Covered Person or over which the Covered Person has the power to influence or control (regardless of whether the Covered Person actually directs, influences or controls a transaction)
- *Other Securities*: Securities of an entity other than the Company
- *Prohibited Transactions*: transactions described in Section IV of this Policy
- *SEC*: the U.S. Securities and Exchange Commission
- *Securities Laws*: applicable U.S. Federal, state and foreign securities laws

XI. CONTACT INFORMATION

The Chief SEC Counsel acts as a resource with respect to questions regarding this Policy, and to interpret any of the provisions of this Policy with respect to specific facts and circumstances. Questions about this Policy or its application should be directed to the Chief SEC Counsel, or, in their absence, the Company's General Counsel or Chief Financial Officer.

POLICY DOCUMENT

Appendix – Summary of Policies & Practices Related to Insider Trading and Prohibited Transactions Policy

Policy	Related Practices
Insider Trading and Prohibited Transactions Policy	Personal Securities Trading and Preclearance Practice
	Executive Stock Ownership Guidelines and Stock Retention Requirements
Code of Ethics	

Exhibit 19.2

Personal Securities Trading and Preclearance Practice

Policy Number: PRA-LEG01/01

Effective Date: 04/26/2023

Applicability: American Water Works Company, Inc. and its subsidiaries

Executive Sponsor: Executive Vice President and General Counsel

Document Owner and Approver: Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Practice has been adopted in connection with the Insider Trading and Prohibited Transactions Policy and sets forth requirements with respect to limitations on and the preclearance of transactions governed by that Policy.

Section VIII contains a list of definitions covering capitalized terms used in this Practice. Other capitalized terms not otherwise defined in this Practice have the meanings given to them in the Policy.

II. SUMMARY

This Practice:

- establishes the use of trading windows and preclearance procedures with respect to transactions in Company Securities by members of the Preclearance Group;
- establishes certain practices with respect to Rule 10b5-1 plans; and
- describes SEC reporting requirements for Affiliates in connection with transactions in Company Securities.

III. TRADING WINDOWS

A member of the Preclearance Group may engage in transactions in Company Securities only during an open trading window. Covered transactions under the Policy are subject to this Practice. The Company maintains trading and other restrictions on accounts containing Company Securities related to the Company's equity plans, and may take additional actions deemed necessary or desirable to enforce the Policy and this Practice.

Opening of a Trading Window

A trading window generally opens at 9:30 a.m. ET on the trading day immediately following the expiration of two full trading days after the public release of the Company's earnings with respect to a completed fiscal period. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the opening of the trading window and, as noted below, in any changes to that opening date. Below are examples of the operation of this general rule with respect to the opening of the trading window:

Example 1: The Company releases for the first time its fiscal year-end earnings at 4:45 p.m. ET on Tuesday, February 21, 2017 (after the close of that day's trading). The trading window will open on Friday, February 24, 2017, at 9:30 a.m. ET.

Example 2: The Company releases for the first time its fiscal quarter earnings at 6:30 a.m. ET on Wednesday, May 3, 2017 (before the open of that day's trading). The trading window will open on Friday, May 5, 2017, at 9:30 a.m. ET.

Closing of a Trading Window

Once opened, a trading window generally closes at 4:00 p.m. ET on the later of (1) the second trading day of the last month of the fiscal quarter in which the trading window is opened, or (2) the fourth trading day after the trading window's opening day, unless it is closed earlier or as otherwise determined by the Company's General Counsel or the Company's Chief Financial Officer. Stated another way, unless closed earlier, the trading window will generally remain open for a minimum of five trading days. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the closing of the trading window and, as noted below, in any changes to the closing date. Below are examples of the operation of this general rule with respect to the closing of the trading window:

Example 1: If a trading window opens on Friday, February 24, 2017, at 9:30 a.m. ET, and assuming the window is not closed earlier, the trading window will close on Thursday, March 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (2) above.

Example 2: If a trading window opens on Friday, May 5, 2017, at 9:30 a.m. ET., and assuming the window is not closed earlier, the trading window will close on Friday, June 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (1) above.

Changes to Window Period Opening and Closing Dates

The Company may delay the opening of a trading window, determine not to open a trading window, or shorten or extend the length of any open trading window, at any time, and from time to time, if the Company believes that effecting transactions in Company Securities by any or all of the members of the Preclearance Group would be inappropriate or impermissible due to material developments at the Company or other developments that could become material. Any such decision will be made by the General Counsel or the Chief Financial Officer, in consultation with the Chief SEC Counsel.

If the opening of a trading window is delayed, the trading window would still close as described under "Closing of a Trading Window" above, unless it is extended.

The Chief SEC Counsel or their designee notifies Affiliates and Restricted Individuals regarding changes in the trading window opening and closing dates. However, the reason for the change may not be disclosed and, if the reason is known by an Affiliate or Restricted Individual, that person must not disclose the reason to any other person, except for disclosures permitted under the Company's Code of Ethics with respect to confidential information for persons who have a legitimate business reason to know the information. A trading window may not be opened, may close early, or may be extended, as to any or all of the members of the Preclearance Group.

IV. PRECLEARANCE PROCEDURES

All members of the Preclearance Group must preclear their transactions in Company Securities at any time, even during an open trading window. Preclearance means that, before the transaction may be effected, the transaction must be reviewed and approved by the Chief SEC Counsel, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer.

A request for preclearance should be submitted in writing by the Affiliate or Restricted Individual to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, to the General Counsel or Chief Financial Officer. Affiliates and Restricted Individuals will receive a notice that preclearance forms may be submitted, along with the proper preclearance form. A member of the Preclearance Group may not proceed with a transaction until notice of approval is received in writing (including by an email from the Company's stock plan administrator). Any such approval will be valid only until the closing of the trading window, unless notice is given otherwise.

A transaction may be disapproved for many reasons. If the transaction has been disapproved, the circumstances of that decision may be disclosed to the person requesting preclearance. Unless the requester has been permitted to do so, the requester may not discuss the reasons for disapproval with anyone else.

V. DESIGNATED RESTRICTED INDIVIDUALS

From time to time, the Company may determine to limit the ability of persons who are not Restricted Individuals, or to further limit the ability of Restricted Individuals, to engage in transactions in American Water securities. In each case, such persons will be referred to hereunder as "Designated Restricted Individuals," and such persons will be prohibited or restricted, in whole or in part, and on a temporary or permanent basis, from engaging in transactions in Company Securities, depending on the specific circumstances.

Example 1: Individuals who are not Restricted Individuals may receive non-public information about the Company's financial results on a conference call and are told that they cannot engage in transactions in Company Securities until two full trading days have elapsed after the information is disclosed publicly. Such persons shall be considered Designated Restricted Individuals for purposes of this Practice.

Example 2: Individuals, some of whom are Restricted Individuals, working on a significant pending acquisition may be instructed that they cannot engage in any transactions in Company Securities, including during any open window period, until further notice. Such Persons shall be considered Designated Restricted Individuals for purpose of this Practice.

To the extent that instructions are given to a person who is already a Restricted Individual, and the Restricted Person is told to restrict transactions in Company Securities beyond the restrictions contained in this Practice, the Designated Restricted Individual must comply with those stricter restrictions until further notice, even if they would have otherwise been permitted to effect a transaction under this Practice.

VI. REPORTING OF TRANSACTIONS BY AFFILIATES

Affiliates must file certain reports with the SEC and New York Stock Exchange disclosing their beneficial holdings of Company Securities and any changes in those holdings. The Chief SEC Counsel and their designee will provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors to help them complete those filings. **However, in any event, the responsibility for complying with the Securities Laws with respect to transactions in Company Securities rests solely with the Affiliate**.

Rule 144

An Affiliate engaging in open-market sales of Company Securities must comply with Rule 144 of the Securities Act of 1933, including any obligation to file a Form 144. A Form 144 is required when a sale exceeds a specified number of shares or dollar amount of securities. The Affiliate should inform the broker handling the sale of Company Securities that a Rule 144 sale is being made and that a Form 144 should be filed with the SEC and New York Stock Exchange when the order to sell is placed. If necessary, the Chief SEC Counsel or their designee can provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors and their brokers with respect to this filing.

Section 16

If you are an Affiliate and you effect any transaction in Company Securities, including pursuant to a Rule 10b5-1 Plan, you (or, in the case of the Rule 10b5-1 plan transaction, the broker administering the plan) must immediately report the transaction to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer. You will be required to complete and file forms with the SEC and the New York Stock Exchange under Section 16 of the Securities Exchange Act of 1934 to report these transactions, generally within two business days after the date of the

transaction. The Chief SEC Counsel and their designee will provide reasonable assistance to any Affiliate who is an employee of the Company or a member of the Board of Directors with respect to the obligation to file these forms.

VII. RULE 10B5-1 TRADING PLANS

The Policy describes Rule 10b5-1 trading plans and the requirements for implementing such a plan, or amending or terminating an existing Rule 10b5-1 plan. With respect to persons who are not Affiliates, a copy of the Rule 10b5-1 plan or any amendment thereof must be provided to the Chief SEC Counsel for review and approval at least ten business days prior to entry into such plan or amendment. Affiliates must generally provide greater advance notice to permit review of the Affiliate's Rule 10b5-1 plan and approval as required under the Policy. You may enter into, amend or terminate a Rule 10b5-1 plan only at a time when you are not aware of material non-public information, and if you are a Preclearance Group member, only during an open trading window. Transactions effected pursuant to an approved Rule 10b5-1 plan will not require further preclearance at the time of the transaction.

The Rule 10b5-1 plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Once a Rule 10b5-1 plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade.

VIII. DEFINITIONS

The following capitalized terms used in this Practice have the meanings set forth below:

- Affiliates – (1) Any director of American Water, and (2) any person who has been designated by the Board of Directors of American Water as an executive officer of American Water for purposes of the U.S. Securities Laws.
- American Water or the Company – American Water Works Company, Inc., not including its subsidiaries.
- Designated Restricted Individuals – Any person who the Chief Executive Officer, the Chief Financial Officer, the General Counsel, or the Chief SEC Counsel may determine to be a Restricted Individual, either on a temporary or permanent basis, and under such conditions or restrictions from engaging in transactions in Company Securities that are to be determined by such person to be warranted based on the circumstances.
- Preclearance Group – The Preclearance Group is comprised of:
    - Affiliates;
    - Restricted Individuals; and
    - Family Members and Controlled Entities of any of the foregoing persons.
- Restricted Individuals – Employees of the Company or any of its subsidiaries, other than Affiliates, who, in the normal course of their duties, have regular access to material non-public information about the Company, and each of whom has been notified by the Chief SEC Counsel or their designee that the employee is a "Restricted Individual." A determination as to whether, and for how long, a former Affiliate or employee may continue to remain subject to the Policy and this Practice is to be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer.

IX. WAIVERS; MODIFICATIONS

Exceptions to this Practice may be made only by the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The Company reserves the right to amend or rescind this Practice or any portion of it at any time and to adopt additional or different practices, policies and procedures at any time.

X. NON-COMPLIANCE

Any Covered Person who violates or circumvents this Practice may be subject to disciplinary action, up to and including termination of employment or service. Additionally, any Covered Person or member of the Preclearance Group who purchases or sells Company Securities based on material non-public information regarding the Company may be criminally liable under provisions of Securities Laws prohibiting insider trading. Civil and other penalties are also recoverable in private lawsuits or by the SEC against Covered Persons or Preclearance Group members who engage in and profit from short swing trades.

XI. QUESTIONS

If you have any questions about this Practice, contact the Chief SEC Counsel or their designee.

POLICY DOCUMENT

Appendix – Summary of Policies & Practices Related to Personal Securities Trading and Preclearance Practice

Practice	Related Practices
Personal Securities Trading and Preclearance Practice	Insider Trading and Prohibited Transactions Policy
	Code of Ethics

American Water Works Company, Inc.'s Subsidiaries

As of February 19, 2025

Entity Name	Entity Type	Jurisdiction of Organization
American Lake Water Company	Corporation	Illinois
American Water (USA), LLC	Limited Liability Company	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Enterprises Holding, LLC	Limited Liability Company	Delaware
American Water Enterprises, LLC	Limited Liability Company	Delaware
American Water Defense Services, LLC	Limited Liability Company	Delaware
American Water Federal Services, LLC	Limited Liability Company	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, LLC	Limited Liability Company	Texas
American Water Real Property Holdings LLC	Limited Liability Company	Delaware
American Water Services CDM, Inc.	Corporation	Washington
American Water Works Service Company, Inc.	Corporation	Delaware
AUI Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AWC Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AW Insurance LLC	Series Limited Liability Company	Delaware
AWIP Holdings LLC	Limited Liability Company	Delaware
AW Technologies, LLC	Limited Liability Company	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Edison Water Company	Corporation	New Jersey
Environmental Management, LLC	Limited Liability Company	Missouri
E'town Services L.L.C.	Limited Liability Company	New Jersey
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland
Missouri-American Water Company	Corporation	Missouri
New Jersey-American Water Company, Inc.	Corporation	New Jersey
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
Virginia-American Water Company	Corporation	Virginia
West Virginia-American Water Company	Corporation	West Virginia

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.400% Senior Notes due 2025
3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
5.150% Senior Notes due 2034
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051
5.450% Senior Notes due 2054

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-277166 and 333-263068) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 19, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, M. Susan Hardwick, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, M. Susan Hardwick, Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
February 19, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 19, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)
(856) 955-4001
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$22,045,400,000 as of June 28, 2024 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 28, 2024, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 28, 2024, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—194,947,313 shares as of February 10, 2025.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2025 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2024 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;

- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;

- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.5 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,296 million for 2024, $3,920 million for 2023 and $3,505 million for 2022, accounting for 92%, 93% and 92%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2024:

	Operating Revenues (in millions)				Number of Customers (in thousands)			
	Water (a)	Wastewater	Total	% of Total	Water	Wastewater	Total	% of Total
New Jersey	$ 990	$ 61	$ 1,051	24.5 %	672	70	742	20.9 %
Pennsylvania	872	167	1,039	24.2 %	688	115	803	22.6 %
Missouri	487	21	508	11.8 %	485	24	509	14.4 %
Illinois	359	73	432	10.1 %	300	77	377	10.6 %
California	342	4	346	8.1 %	191	3	194	5.5 %
Total—Top Five States (b)	3,050	326	3,376	78.6 %	2,336	289	2,625	74.0 %
Other (c)	883	37	920	21.4 %	881	40	921	26.0 %
Total Regulated Businesses	$ 3,933	$ 363	$ 4,296	100.0 %	3,217	329	3,546	100.0 %

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(b) The Company's "Top Five States" are determined based upon operating revenues.

(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2024, 2023 and 2022:

	2024		2023		2022	
(In millions)	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
Water services:						
Residential	$ 2,349	55 %	$ 2,143	55 %	$ 1,941	55 %
Commercial	885	21 %	798	20 %	710	20 %
Fire service	164	4 %	158	4 %	147	4 %
Industrial	184	4 %	167	4 %	153	4 %
Public and other water (a)	301	7 %	284	7 %	267	8 %
Wastewater	363	8 %	327	8 %	242	7 %
Other (b)	50	1 %	43	2 %	45	2 %
Total	$ 4,296	100 %	$ 3,920	100 %	$ 3,505	100 %

(a) Includes water revenues from public authorities and other utilities, community water systems under bulk contracts and alternative revenue programs.

(b) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2024, 2023 and 2022, which represents approximately 13 million people served as of December 31, 2024:

	2024		2023		2022	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,920	307	2,893	279	2,870	270
Commercial	222	21	221	18	219	17
Fire service	53	—	52	—	51	—
Industrial	4	—	4	—	4	—
Public and other (a)	18	1	18	1	17	1
Total	3,217	329	3,188	298	3,161	288

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2024:

	Surface Water	Ground Water	Purchased Water
New Jersey	74%	22%	4%
Pennsylvania	91%	7%	2%
Missouri	83%	16%	1%
Illinois	53%	35%	12%
California	—%	64%	36%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state recently experienced a multi-year drought, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $40 billion and $42 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from a 250-year replacement cycle in 2009 to an approximate 125-year replacement cycle by 2029, which it anticipates will enable the Company to replace nearly 2,000 miles of mains and collection pipes between 2025 and 2029. In addition, from 2025 to 2029, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, KY, MO, NJ, PA, TN, VA, WV
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, MO, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, KY, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MD, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2024, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2024, that there are over 50,000 community water systems and, as of 2022, over 17,000 community wastewater systems in the United States, with approximately 80% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low to moderate income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Efforts to advance these legislative priorities will continue in 2025.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Eleven of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See —Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, reliable and affordable. Through increased efficiency, conservation and affordability support programs and tariffs, on average across the enterprise, the Company achieves water costs that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential Utilities, Inc., American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. The Contract Services Group ("CSG"), also included in Other, has three contracts with municipal customers to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $388 million for 2024, $314 million for 2023 and $287 million for 2022, accounting for 8%, 7% and 8%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 38 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses, MSG and CSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that drinking water standards have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $1.4 billion over the next five years, and $275 million in 2025, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national quality standards for drinking water. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2025.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule ("LCR") to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company will evaluate its service territories and apply for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service lines ("LSLs") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act regulates discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set maximum discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that exceed the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the Centers for Disease Control and Prevention, other state environmental agencies, and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemicals Abstract Service Registry contains over 219 million registered chemicals, with an estimated 1,400 species of disease-causing microbes that can affect humans. The Company is continually investigating new substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- monitoring impacts of environmental pathogen loads and removal through wastewater systems;
- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;

- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;
- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;
- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company and Security

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to the MSG and CSG businesses as requested or may otherwise be necessary. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, security, risk management and insurance, treasury, and water quality. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

The Company's security team, through Service Company, provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. The security team is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies, as well as for the Company's executive management and other employees. Risk assessments are conducted periodically to evaluate the effectiveness of existing security controls and serve as the basis for additional safeguards, security controls and measures. For additional information concerning this team and the Company's cybersecurity program, see Item 1C—Cybersecurity.

Sustainability

The Company considers environmental, social responsibility and governance principles fundamental to its corporate sustainability strategy and values. Integration of these principles into the Company's daily operations emphasizes its belief that "how" a company operates is just as important as "what" a company does. Delivering safe, clean, reliable and affordable water services to customers and treating wastewater has been fundamental to the Company's business for decades. The Company has an opportunity to make a positive, sustainable impact in thousands of communities by serving them with skilled employees and maintaining the governance and diligence to meet or exceed service expectations.

Demonstrated Leadership

The Company's values and actions have achieved recognitions for demonstrating its leadership in several areas related to trust, responsibility, sustainability and support of its communities, customers and employees. Among others, these include the following:

- recognized as one of the *Forbes* 2025 Most Trusted Companies in America, in addition to being ranked first in the utilities industry category on *Forbes* America's Best Large Employers List for 2024;
- recognized on *Newsweek*'s America's Most Responsible Companies 2025 List;
- ranked on *Barron*'s 100 Most Sustainable U.S. Companies 2024 List; and
- named one of America's Most JUST companies by JUST Capital and CNBC for its continued commitment to employees, customers, communities and shareholders.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting. The Company's management function around sustainability involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight and responsibility with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and responsibility with respect to, among other things: corporate governance; Board and committee membership, leadership and composition; director independence, nominations and succession; and director education.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 126,000 hours of safety training, including physical security and cybersecurity, in 2024. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a task is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In 2024, a third-party vehicle entered a secure work zone striking four Company employees, due to no fault of its employees, which resulted in several serious injuries and one employee fatality. Additionally, in January 2025, a Company employee was fatally injured when struck by a train. For 2024, the Company had an OSHA Recordable Incident Rate ("ORIR") of 0.40 (25 recordable injuries, and does not include the fatality or injuries, which were determined to be not preventable), which reflects a 54% decrease in recordable injuries compared to 2023, when the ORIR was 0.86 (54 injuries). Also, the number of Days Away Restricted or Transferred ("DART") injuries decreased by 73% compared to 2023, primarily due to a decrease in strain, sprain and tear injuries, as well as a reduction in slip, trip and fall injuries. For 2024, the Company had a DART rate of 0.14 (9 injuries), compared to 0.52 (33 injuries) in 2023.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean and reliable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2024, the Company filled approximately 1,000 positions, 67% of which with external candidates and 33% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities. By committing to achieve 25 hours of learning annually, employees develop skills for their ongoing professional growth. Approximately 84% of active employees hired before October 1, 2024, have completed at least 25 hours of learning, resulting in approximately 262,000 hours of total learning completed during the year.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. During 2024, the Company enhanced its succession planning process by increasing the number of business impact roles covered by a succession plan. These succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2024, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, long-term performance plan compensation for certain leadership positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave benefit and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees, rather than unrelated factors such as gender, race or ethnicity.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 89% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage. The Company's medical benefits include, among others, coverage for applied behavior analysis, autism treatment, transgender service, hearing aids and fertility assistance.

Trust, Dignity and Respect

In 2024, the Company launched the Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model those behaviors that are consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company has established its weCARE employee value proposition that focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility, and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools. In 2024, the Company administered two pulse surveys, seeking feedback on employee experience, which had an overall participation rate of 68%.

Workforce Data

As of December 31, 2024, the Company had approximately 6,700 employees. For 2024, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2024, was 10.5%, down from 11.5% in 2023. American Water seeks to reduce regrettable employee turnover by assessing the effectiveness of weCARE and through its efforts to foster the Company's employee experience.

As of December 31, 2024, approximately 46% of the Company's workforce was represented under 75 collective bargaining agreements with 14 different unions. In 2024, the Company renegotiated 26 collective bargaining agreements that were set to expire during the year. During 2025, 25 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees. The Company continues to work with several local labor unions and the Federal Mediation and Conciliation Service to host discussions among management and union leaders with the goal of supporting and enhancing constructive relationships with these unions.

Board Oversight

The ED&CC of the Board of Directors establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities. Further, the ED&CC's charter requires that the ED&CC have responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 19, 2025:

Name	Age	Office and Experience
M. Susan Hardwick	62	**Chief Executive Officer.** Ms. Hardwick served as President and Chief Executive Officer of the Company from February 2, 2022, to August 1, 2024, and has served as Chief Executive Officer of the Company since August 1, 2024. She joined the Company in June 2019 as the Company's Executive Vice President—Finance and served as the Company's Chief Financial Officer from July 2019 until May 16, 2022. From December 7, 2021 until January 31, 2022, Ms. Hardwick also served as Interim Chief Executive Officer. Prior to joining the Company, Ms. Hardwick served as the Executive Vice President and Chief Financial Officer of Vectren Corporation ("Vectren"), which was sold to CenterPoint Energy, Inc., an electric and natural gas utility ("CenterPoint"), on February 1, 2019. Ms. Hardwick joined Vectren in January 2000 and served in a variety of positions, including: Vice President, Controller and Assistant Treasurer; Senior Vice President, Finance; Senior Vice President, Chief Financial Officer; and Executive Vice President and Chief Financial Officer. Prior to joining Vectren, Ms. Hardwick was Assistant Corporate Comptroller at Cinergy Corp. She began her career with Arthur Andersen & Co. Ms. Hardwick is a Certified Public Accountant. Since September 2020, Ms. Hardwick has served on the Board of Directors of New Jersey Resources Corporation, a diversified energy services company, where she is currently serving a three-year term expiring in 2027, and since January 1, 2021, she has served as a member of its Audit Committee.
John C. Griffith	58	**President.** Mr. Griffith has served as the Company's President since August 1, 2024, with responsibility for the day-to-day operations of the Company. He joined the Company on May 16, 2022, as its Executive Vice President and Chief Financial Officer. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities' Global Regulated Utilities and Renewable Energy practice. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as the Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	46	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 1, 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 31, 2022 to August 1, 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.
Maureen Duffy	55	**Executive Vice President, Communications and External Affairs**. Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 29, 2024 and has had over 25 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 until October 29, 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Melanie M. Kennedy	51	**Executive Vice President, Chief Human Resources Officer.** Ms. Kennedy has served as the Company's Executive Vice President, Chief Human Resources Officer since December 2021, and as Senior Vice President, Chief Human Resources Officer from December 2020 to December 2021. Prior to that, she served as the Company's Senior Vice President, Human Resources from March 2017 to December 2020. From August 2014 through February 2017, Ms. Kennedy served as the Company's Vice President, Human Resources, and from August 2012 to August 2014, she served as Director, Human Resources in the Company's Northeast Division. Ms. Kennedy initially joined the Company in 2007, and before that time, she practiced law for nine years.

Name	Age	Office and Experience
Stacy A. Mitchell	49	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 5, 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years. Ms. Mitchell serves as a member of the American Water Works Association's Water Utility Council, and as its Treasurer.
Cheryl Norton	60	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 36 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q or its Current Reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;
- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us

to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement, have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently implemented LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our ability to dispose of material used to treat impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the “1995 Order,” the “2009 Order” and, as amended in July 2016, the “2016 Order” and, collectively, the “Orders”) that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which

could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, severe electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial condition, results of operations and cash flows. Seasonal and other drought conditions, such as those experienced during 2024 in New Jersey, for example, that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions (including those mandated in New Jersey in 2024), rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased volatility in weather and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving increasing attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;
- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict its potential impact on our business, financial condition, results of operations, cash flows and liquidity. Furthermore, both Federal and state laws and regulations have been enacted or proposed that seek to reduce or limit greenhouse gas emissions and require or would require additional reporting, monitoring and disclosure, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;
- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assess liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contractor affirmative action audits;

- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sewer overflow and system failure. Liabilities resulting from such damage could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our financial condition and results of operations. Tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2024, we invested $2.8 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions

currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, perfluorinated and polyfluorinated compounds, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a "Do Not Use" protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our

customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management’s time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;
- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and
- difficulties in integrating or assimilating acquired systems’ operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, on December 15, 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. By way of example, on October 3, 2024, we identified unauthorized activity within our information technology computer networks and systems, which we determined to be the result of a cybersecurity incident. See Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident, for more information regarding this incident. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the recent cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. The Company has completed its investigation into the scope, nature and impact of the cybersecurity incident and determined the incident did not have a material effect on the Company or its financial condition or results of operations; however, the Company remains subject to various risks as a result of this incident, including those related to litigation, governmental and regulatory scrutiny, including from putative class action lawsuits that have been filed in connection with the recent incident. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits.

Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. We have incurred, and may continue to incur, certain expenses related to the October 2024 cybersecurity incident, and we maintain a cybersecurity insurance policy as part of our overall insurance program. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See Item 1A—Risk Factors Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments, including, for example, the California Privacy Rights Act, together with its amendments and implementing regulations, the Virginia Consumer Data Protection Act and the Cyber Incident Reporting for Critical Infrastructure Act of 2022. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation, including, for example, from putative class action lawsuits filed in connection with our recent cybersecurity incident, or other claims against us, fines and penalties, or adverse perception or publicity about us and our businesses. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits. These events could also require us to change our business practices, and the events or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker’s compensation, employer’s liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that

exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses. Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can secure all necessary or appropriate insurance in the future, or that such insurance can be economically secured. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs or deductibles.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2024, approximately 46% of our workforce was represented by unions, and we had 75 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 25 of which are scheduled to expire during 2025, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2024, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $14.0 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;
- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2024, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2025, 2026 and 2027 will be $637 million, $1,478 million and $686 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2024, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2024, there were no outstanding borrowings under the revolving credit facility, $880 million of commercial paper outstanding and $82 million in outstanding letters of credit. There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry's financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

The conditional exchange feature of the Exchangeable Senior Notes due 2026, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of its 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Notes. In the event the conditional exchange feature of the Notes is triggered and one or more holders elect to exchange their Notes, AWCC would be required to settle any exchanged principal through the payment of cash, which could adversely affect our liquidity. In addition, in that case, even if holders do not elect to exchange their Notes, we would be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Notes may encourage short selling by market participants because the exchange of the Notes could be used to satisfy short positions, and any anticipated exchange of the Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A

failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2024, included $1.1 billion of goodwill and $218 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2024, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling approximately $8.1 billion, of which $1.2 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements and geography. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. All employees are required to complete training on and review the Code of Ethics on an annual basis, and violations of the Code of Ethics could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics and our policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "defense-in-depth" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. By way of example, as previously disclosed, on October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning the October 3, 2024, cybersecurity incident, and cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We are, and may in the future be, subject to physical and cyber attacks, and —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured; and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters—Cybersecurity Incident.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify, escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Protection Professional, Professional Certified Investigator and Physical Security Professional certifications from ASIS International. The CISO serves on the Water Sector Coordinating Council ("WSCC"), an advisory body comprised of representatives from various U.S. water and wastewater organizations, which serves as a policy, strategy and coordination mechanism for the water sector on critical infrastructure security and resilience issues. In that role, the CISO partners with representatives from the Department of Homeland Security and the EPA on U.S. water and wastewater sector initiatives. The CISO is also the former Chair of the WSCC, the National Association of Water Companies' Safety and Security Committee, and the ASIS Utility Security Council. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's security team provides oversight and policy guidance on physical, cyber and information security, as well as business continuity, throughout the Company's operations. It is responsible for designing, implementing, monitoring and supporting effective physical and technical security controls for the Company's physical assets, business systems and operational technologies. The Company's security team also conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2024, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a standing crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space, equipment and furniture from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 190 wastewater treatment plants;
- 54,500 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;
- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 50% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 19, 2025, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16 —Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025, and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project, which is not expected to produce additional water until late 2025 at the earliest. The amended and restated water purchase agreement for the GWR Project expansion is subject to review and approval of the CPUC, and in November 2021, Cal Am filed an application with the CPUC that sought review and approval of the amended and restated water purchase agreement. Cal Am also requested rate base treatment of the additional capital investment for certain Cal Am facilities required to maximize the water supply from the expansion to the GWR Project and a related Aquifer Storage and Recovery Project, totaling approximately $81 million. This requested amount was in addition to, and consistent in regulatory treatment with, the prior $50 million of cost recovery for facilities associated with the original water purchase agreement, which was approved by the CPUC in its unanimous 2016 final decision.

On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings in this proceeding were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023, rehearing decision. See Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements for further discussion.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Subject to the impact or resolution of this litigation, construction of the desalination plant is expected to begin in 2025 and the desalination plant is estimated to be in-service by the end of 2027.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2026. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On September 19, 2024, the SWRCB administrative hearing officer sent a letter to the court advising that the full draft report of the SWRCB advisory opinion addressing the questions referred by the court would not be received until at least November 1, 2024. On November 22, 2024, the administrative hearing officer sent a second letter to the court advising that the draft report would be considered for approval at a public meeting of the SWRCB to be held in the first quarter of 2025. On December 31, 2024, an initial draft report was circulated by the SWRCB to the parties for review and comment.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's Board on September 30, 2024.

Challenges Related to Compliance with California's Sustainable Groundwater Management Act

Under California's Sustainable Groundwater Management Act ("SGMA") enacted in 2015, groundwater basins designated by the state as critically overdrafted must be managed by a GSA by 2020 in accordance with an approved groundwater sustainability plan ("GSP") designed to achieve sustainability by 2040. Under the SGMA, GSAs have broad powers to achieve sustainability including, but not limited to, regulating groundwater extraction by imposing fees on groundwater extractions and controlling groundwater extractions by regulating, limiting or suspending extractions from wells. The 400-acre CEMEX site overlies a small portion of the 180/400 Subbasin of the Salinas Valley Groundwater Basin; the 84,000-acre 180/400 Subbasin has been designated by the state as critically overdrafted, mainly due to seawater intrusion into the subbasin.

In late 2016, the Salinas Valley Basin Groundwater Sustainability Agency (the "SVBGSA") was formed as a joint powers authority to become the GSA for the Salinas Valley Groundwater Basin and prepare a GSP. In April 2018, the City filed a notice to become the GSA for the CEMEX site, creating an overlap with the SVBGSA's filing for the 180/400 Subbasin. In 2016, the SVBGSA commenced preparation of a GSP covering the entire 180/400 Subbasin, including the CEMEX site, but in August 2019 the City filed a notice that it intends to prepare its own GSP for the CEMEX site with the intent to severely limit or prohibit groundwater pumping at that site. The State Department of Water Resources ("SDWR") has taken the position that until the overlap is resolved, it will not accept the GSP from either agency, placing the subbasin at risk of being placed in a probationary status and subject to state management. In December 2019, the County of Monterey filed its own notice to become the exclusive GSA at the CEMEX site in order to resolve the overlap, which is permitted under SGMA. SDWR accepted Monterey County's filing in December 2019, and now lists Monterey County as the exclusive GSA for the site.

In December 2019, the City filed a lawsuit in Monterey County Superior Court challenging Monterey County's filing, and SDWR's acceptance of the filing, as the exclusive GSA for the CEMEX site. The City has named Monterey County and its Board of Supervisors, its GSA, and SDWR and its director as defendants, and the SVBGSA and its Board of Directors as real parties. The City seeks to invalidate Monterey County's filing, as well as injunctive relief to preserve the City's status as a GSA for the site. To protect its interest in the matter, Cal Am filed an application to intervene in this lawsuit, which was granted. Monterey County filed cross-claims against the City and SDWR. In September 2020, Cal Am filed a separate but related complaint in Monterey County Superior Court challenging the validity of actions taken by the City and its GSA in adopting a groundwater sustainability plan for the CEMEX site, and the validity of the provisions of such plan. Due to the overlap of issues in the City's lawsuit with those in the validation action, the parties stipulated to a stay of the validation action pending determination of the claims in the City's action, which was approved by the court in December 2020. In February 2021, the City filed a separate but related *in rem* reverse validation complaint challenging the adoption by Monterey County of a GSP for the CEMEX site. On May 3, 2023, the City filed a second reverse validation complaint, challenging the adoption of amendments to the GSP for the 180/400 Subbasin.

After a hearing, in August 2021, the court denied the claims brought by the City and granted Monterey County's cross-claims, finding that the City's GSA notice was untimely, the Monterey County GSA was the exclusive GSA for the CEMEX site, and the SVBGSA's GSP was properly adopted for the entire 180/400 Subbasin, including the CEMEX site. In November 2021, the City appealed this decision, and in December 2021, Monterey County appealed the court's decision as to the finding that the City's action creating a GSA was not void. The related validation and reverse validation actions remain stayed during the pendency of the appeal. On November 13, 2023, the California Court of Appeal affirmed the trial court's decision. On December 22, 2023, the City filed a petition for review with the California Supreme Court, which was denied on February 24, 2024. On October 31, 2024, the parties entered into an agreement settling the stayed validation complaints and all claims for attorneys' fees and costs. The validation complaints were subsequently dismissed.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed

by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha

County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court. In the third quarter of 2024, the Company timely submitted to the MDL court its Phase One claims forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc. and DuPont de Nemours, Inc.

On November 22, 2024, the MDL court granted final approval to settlements with defendants Tyco Fire Products LP and BASF Corporation. The Company's utility subsidiaries have determined to remain parties to these class action settlements, and the Company has begun the process of perfecting its claims under each settlement within the time periods provided by the MDL court.

Cybersecurity Incident Class Action Lawsuits

Following the Company's previously reported October 3, 2024, cybersecurity incident, nine putative class action lawsuits against parent company have been filed in the U.S. District Court for the District of New Jersey. All of the putative plaintiffs seek to certify a nationwide class and several of the plaintiffs seek to certify a state-specific subclass. The complaints allege primarily negligence, breach of implied contract, and claims of violations of federal and/or state consumer protection and data privacy law and seek damages and injunctive relief. On February 14, 2025, the court granted a motion to consolidate the nine current pending class actions. This consolidated matter remains pending. The Company believes that the causes of action and other claims asserted in the class action complaints are without merit and that the Company has valid, meritorious defenses to such claims, and the Company is defending itself vigorously.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 10, 2025, there were 194,947,313 shares of common stock outstanding held by approximately 1,922 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2024, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2024.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 6,700 professionals who provide drinking water, wastewater and other related services to over 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.5 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-K within "Other." See Item 1—Business for additional information.

Selected Financial Data

This selected financial data below should be read in conjunction with the Company's Consolidated Financial Statements and related Notes in this Annual Report on Form 10-K as well as the remainder of this Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations.

	For the Years Ended December 31,				
(In millions, except per share data)	**2024**	**2023**	**2022**	**2021**	**2020**
Statement of Operations data:					
Operating revenues	$ 4,684	$ 4,234	$ 3,792	$ 3,930	$ 3,777
Net income attributable to common shareholders	1,051	944	820	1,263	709
Net income attributable to common shareholders per basic common share	5.39	4.90	4.51	6.96	3.91
Net income attributable to common shareholders per diluted common share	5.39	4.90	4.51	6.95	3.91
Balance Sheet data:					
Total assets	$ 32,830	$ 30,298	$ 27,787	$ 26,075	$ 24,766
Long-term debt and redeemable preferred stock at redemption value	12,521	11,718	10,929	10,344	9,333
Other data:					
Cash dividends declared per common share	$ 3.06	$ 2.83	$ 2.62	$ 2.41	$ 2.20
Net cash provided by operating activities	2,045	1,874	1,108	1,441	1,426
Net cash used in investing activities	(3,379)	(2,815)	(2,127)	(1,536)	(2,061)
Net cash provided by (used in) financing activities	1,110	1,188	1,000	(345)	1,120
Capital expenditures included in net cash used in investing activities	(2,856)	(2,575)	(2,297)	(1,764)	(1,822)

Financial Results

For the years ended December 31, 2024, 2023 and 2022, diluted earnings per share (GAAP) were $5.39, $4.90 and $4.51, respectively. Increased results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan. Results for 2024 and 2023 reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.12 per share, and $0.13 per share, respectively. Results for 2024 include incremental interest income of $0.09 per share, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2024, the Company invested $3.3 billion, in the Regulated Businesses, as discussed below:

- $2.8 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $417 million to fund acquisitions in the Regulated Businesses, which added approximately 69,500 customers during 2024. This includes the acquisitions by the Company's Pennsylvania subsidiary of the wastewater collection and treatment system assets from the Butler Area Sewer Authority on October 29, 2024, for a cash purchase price of $230 million, which added approximately 15,000 customer connections, and by the Company's Illinois subsidiary of a wastewater treatment plant and related assets from Granite City on March 11, 2024, for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities.
- Approximately 19,400 new customers were added through organic growth in existing systems.

The Company expects to invest between $17 billion to $18 billion over the next five years, and between $40 billion to $42 billion over the next 10 years, including $3.3 billion in 2025. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $15.5 billion to $16 billion over the next five years, and between $36 billion to $37 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $1.5 billion to $2 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 68%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 6%; system expansion 5%; other 3%.

As of December 31, 2024, the Company had entered into 17 agreements with a total aggregate purchase price of $105 million for pending acquisitions in the Regulated Businesses to add approximately 24,200 additional customers.

In December 2020, the Company's Pennsylvania subsidiary entered into an agreement (an acquisition intended to comply with Act 12 (discussed below)) to acquire the wastewater collection system assets of Brentwood Borough ("Brentwood") for a purchase price of approximately $19 million. On February 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") denied the Pennsylvania subsidiary's application to acquire Brentwood. On April 3, 2024, the Pennsylvania subsidiary filed an appeal of the decision with the Pennsylvania Commonwealth Court, asserting, among other things, the PaPUC did not apply the correct legal standard in its decision. The Company cannot currently predict the outcome of this appeal, and the matter remains pending.

On July 2, 2024, the PaPUC issued the Final Supplemental Implementation Order ("FSIO"), which makes certain changes to the process by which the PaPUC considers and decides applications to acquire water and wastewater assets under Pennsylvania's existing utility valuation law, known as Act 12 of 2016 ("Act 12"). The FSIO includes, among other things, a reasonableness review ratio that would be applied to help guide the determination on the overall prudency of the transaction and reasonableness of the purchase price. The provisions of the FSIO are not retroactive and apply to acquisition applications filed after July 2, 2024. The Company cannot currently predict the impact of the FSIO, but the Company intends to continue to support outcomes that allow for consolidation and investment in water and wastewater infrastructure in Pennsylvania and in its other regulated jurisdictions.

Other Matters

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company estimates an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, is actively advocating for and supporting bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company is in the process of developing an estimate of capital expenditures and operating costs needed to meet the specific requirements of the LCRI. Capital expenditures and operating costs associated with compliance with federal water quality regulations have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates.

The Company continues to comply with the EPA's existing Lead and Copper Rule requirements by replacing lead service lines in accordance with current scientific guidance and utilizing appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

The Company met the LCRR requirements, effective October 16, 2024, identified as enforceable by the EPA. Remaining LCRR requirements are deferred under the LCRI.

Cybersecurity Incident

On October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. The Company also promptly notified law enforcement and has coordinated fully with them. As part of the incident response, and in order to protect its systems and data, the Company disconnected and deactivated certain of its systems, which have since been reconnected and reactivated upon verification that those systems were secure.

All necessary containment, mitigation and restoration activities related to this incident have been completed. None of the Company's water or wastewater facilities were impacted by this incident, and the incident did not have a material effect on the Company or its financial condition or results of operations. In addition, a number of putative class action lawsuits have been filed in connection with this cybersecurity incident, primarily alleging claims related to federal and/or state consumer protection and data privacy laws, and while the Company believes the claims are without merit and is vigorously defending itself against these claims, it cannot currently predict the outcome or impact of these lawsuits. See Item 3—Legal Proceedings—Cybersecurity Incident Class Action Lawsuits for more information.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.

(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the PaPUC released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the WVPSC issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating revenues	$ 4,684	$ 4,234	$ 3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest Income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2023 compared to fiscal 2022, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 14, 2024.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating revenues	$ 4,296	$ 3,920	$ 3,505
Operation and maintenance	1,517	1,441	1,345
Depreciation and amortization	772	693	633
General taxes	301	288	264
Other operating (income) expense	—	(1)	—
Other income (expense)	(339)	(269)	(220)
Provision for income taxes	302	259	188
Net income attributable to common shareholders	$ 1,065	$ 971	$ 854

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Water services:			
Residential	$ 2,349	$ 2,143	$ 1,941
Commercial	885	798	710
Fire service	164	158	147
Industrial	184	167	153
Public and other	301	284	267
Total water services	3,883	3,550	3,218
Wastewater services:			
Residential	245	228	174
Commercial	70	62	45
Industrial	12	8	4
Public and other	36	29	19
Total wastewater services	363	327	242
Other (a)	50	43	45
Total operating revenues	$ 4,296	$ 3,920	$ 3,505

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Years Ended December 31, 2024	2023	2022
Billed water services volumes:			
Residential	163,583	160,921	162,105
Commercial	80,385	78,404	77,627
Industrial	37,217	36,404	37,265
Fire service, public and other	54,700	54,236	51,966
Total billed water services volumes	335,885	329,965	328,963

In 2024, as compared to 2023, operating revenues increased $376 million, primarily due to: (i) a $288 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states; (ii) a $41 million increase from water and wastewater acquisitions and organic growth in existing systems; (iii) a $26 million increase from changes in customer demand; and (iv) a $17 million net increase as a result of reduced amortization of EADIT, primarily in the Company's Missouri subsidiary.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Employee-related costs	$ 543	$ 513	$ 505
Production costs	458	438	387
Operating supplies and services	274	255	242
Maintenance materials and supplies	97	102	96
Customer billing and accounting	72	65	59
Other	73	68	56
Total operation and maintenance expense	$ 1,517	$ 1,441	$ 1,345

Employee-Related Costs

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Salaries and wages	$ 434	$ 413	$ 395
Group insurance	69	60	59
Pensions	7	9	21
Other benefits	33	31	30
Total employee-related costs	$ 543	$ 513	$ 505

In 2024, as compared to 2023, employee-related costs increased $30 million primarily due to an increase in salaries and wages due to merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Purchased water	$ 180	$ 161	$ 154
Fuel and power	112	108	104
Chemicals	107	105	78
Waste disposal	59	64	51
Total production costs	$ 458	$ 438	$ 387

In 2024, as compared to 2023, production costs increased $20 million primarily from higher purchased water cost and usage.

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $19 million primarily due to higher contracted services and software licensing costs as well as an increase in various other operating expenses.

Depreciation and Amortization

In 2024, as compared to 2023, depreciation and amortization increased $79 million primarily due to additional utility plant placed in service from capital infrastructure investments and acquisitions.

General Taxes

In 2024, as compared to 2023, general taxes increased $13 million primarily due to incremental property taxes and New Jersey Gross Receipts Tax.

Other Income (Expense)

In 2024, as compared to 2023, other expenses increased $70 million primarily due to higher interest expense from the issuance of incremental long-term debt and a decrease in AFUDC in 2024.

Provision for Income Taxes

In 2024, as compared to 2023, the Regulated Businesses' provision for income taxes increased $43 million. The Regulated Businesses' effective income tax rate was 22.1% and 21.1% for the years ended December 31, 2024 and 2023, respectively. The increase was primarily due to the decrease in the amortization of EADIT, pursuant to regulatory orders. The amortization of EADIT is generally offset with reductions in revenue.

Other

Presented in the table below is information for Other:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating revenues	$ 388	$ 314	$ 287
Operation and maintenance	341	279	244
Depreciation and amortization	16	11	16
General taxes	19	19	17
Interest expense	(107)	(96)	(119)
Interest income	77	45	50
Gain on sale of businesses	—	—	19
Other income	10	12	6
Provision for (benefit from) income taxes	6	(7)	—
Net loss attributable to common shareholders	$ (14)	$ (27)	$ (34)

Operating Revenues

In 2024, as compared to 2023, operating revenues increased $74 million from an increase in capital projects in MSG, primarily at Naval Station Mayport, and an increase in capital projects in CSG.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2024**	**2023**	**2022**
Operating supplies and services	$ 195	$ 150	$ 120
Maintenance materials and supplies	27	29	35
Employee-related costs	101	85	73
Production costs	10	9	10
Other	8	6	6
Total operation and maintenance expense	$ 341	$ 279	$ 244

Operating Supplies and Services

In 2024, as compared to 2023, operating supplies and services increased $45 million primarily due to costs associated with the increased capital projects in MSG.

Employee-Related Costs

In 2024, as compared to 2023, employee-related costs increased $16 million primarily due to an increase in salaries and wages.

Interest Income

In 2024, as compared to 2023, interest income increased $32 million primarily due to the increased interest rate and higher principal balance from the February 2024 amendment of the secured seller promissory note from the sale of HOS. See Note 5—Acquisitions and Divestitures—Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information.

Tax Matters

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% CAMT provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024 and expects to owe CAMT in excess of the regular tax liability. On September 12, 2024, the Internal Revenue Service (the "IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Legislative Updates

During 2024 and 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of February 19, 2025:

- New Jersey passed Assembly Bill 4791, establishing the "Resiliency and Environmental System Investment Charge Program," which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance such as existing and proposed requirements for PFAS, safety, and public health. Legislation was signed by the Governor and became effective on January 12, 2024.
- Indiana passed Senate Bill 5, which provides access to a property by a water utility to replace lead service lines when a landowner does not enroll in the offered lead service line replacement program, does not personally replace the customer owned portion of the lead service line following notice and a 45-day waiting period, or is non-responsive to attempted communication after the 45-day waiting period. Legislation was signed by the Governor and became effective on March 11, 2024.
- Iowa passed House File 207, which modifies property tax assessments to exempt property owned or operated by a public or private utility and is directly and primarily used for furnishing sanitary sewage or storm water drainage disposal by a piped collection system to the public for compensation. Legislation was signed by the Governor and became effective on May 2, 2024.
- West Virginia passed House Bill 5617, which adopts standards and authorizes the WVPSC to promulgate rules, and also allows for rate recovery, on maintenance, flushing, flow testing and marking of fire hydrants owned by water utilities. Legislation was signed by the Governor and became effective on June 4, 2024.
- Iowa passed House File 2101, which increases the threshold amount required for approval by the Iowa Utilities Commission for water and wastewater utility acquisition filings from $0.5 million to $3 million. Legislation was signed by the Governor and became effective on July 1, 2024.
- Indiana passed Senate Bill 247, which establishes a 30-day filing with the IURC by a utility for an acquisition of a utility with an appraised value and purchase price of less than $3 million. Legislation was signed by the Governor became effective on July 1, 2024.
- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures —Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. Subject to satisfying certain conditions, the credit agreement also permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. As of December 31, 2024, AWCC had no outstanding borrowings and $82 million of outstanding letters of credit under its revolving credit facility, with $1.8 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Net income	$ 1,051	$ 944	$ 820
Add (less):			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Other non-cash activities (a)	62	(9)	(16)
Changes in assets and liabilities (b)	40	76	(355)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Gain on sale of businesses	—	—	(19)
Net cash provided by operating activities	$ 2,045	$ 1,874	$ 1,108

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net. Details of each component can be found on the Consolidated Statements of Cash Flows.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable, accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2024, cash flows provided by operating activities increased $171 million, primarily due to an increase in net income and depreciation, partially offset by changes in deferred income taxes.

The Company expects to make pension contributions to the plan trusts of $44 million in 2025. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Capital expenditures	$ (2,856)	$ (2,575)	$ (2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	$ (3,379)	$ (2,815)	$ (2,127)

In 2024, cash flows used in investing activities increased $564 million as a result of increased payments for capital expenditures and acquisitions in 2024. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Transmission and distribution	$ 882	$ 922	$ 901
Treatment and pumping	305	322	190
Services, meter and fire hydrants	805	652	546
General structure and equipment	425	333	380
Sources of supply	163	88	95
Wastewater	276	258	185
Total capital expenditures	$ 2,856	$ 2,575	$ 2,297

In 2024, the Company's capital expenditures increased $281 million due to an increase across most infrastructure categories.

The Company also grows its business primarily through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During 2024, the Company paid $417 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 13 acquisitions of various regulated water and wastewater systems during 2024, which added approximately 69,500 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $17 billion to $18 billion, with $15.5 billion to $16 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $40 billion to $42 billion over the next 10 years. In 2025, the Company expects to invest $3.3 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Years Ended December 31, 2024	2023	2022
Proceeds from long-term debt	$ 1,437	$ 1,264	$ 822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other financing activities, net (a)	47	62	76
Net cash provided by financing activities	$ 1,110	$ 1,188	$ 1,000

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2024, cash flows provided by financing activities decreased $78 million, primarily due to the repayment of long-term debt in the current period and the proceeds from the common stock financing in March 2023. These decreases were partially offset by a higher issuance of long-term debt and an increase in short-term commercial paper borrowings in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $9.6 billion. Additionally, as of December 31, 2024, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $3.3 billion.

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of AWCC and for general corporate purposes.

On June 29, 2023, AWCC issued, in a private placement, $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. See Note 11 —Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2024 and 2022, $1.4 billion and $800 million, respectively, of debt securities were issued under this and a predecessor registration statement. During 2023, under the predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023:

(In millions)	**Cash and Cash Equivalents**	**Availability on Revolving Credit Facility**	**Total Available Liquidity**
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 4.65% and 5.51%, for the years ended December 31, 2024 and 2023, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2024	2023	2022
Total common shareholders' equity	42.4 %	44.2 %	38.3 %
Long-term debt and redeemable preferred stock at redemption value	51.4 %	52.9 %	54.4 %
Short-term debt and current portion of long-term debt	6.2 %	2.9 %	7.3 %
Total	100 %	100 %	100 %

The change in the capital structure mix in 2024 is mainly attributable to the increase in short-term commercial paper borrowings. The use of the proceeds from the common stock issuance on March 3, 2023, and the long-term debt issuance on June 29, 2023, reduced short-term commercial paper borrowings in 2023.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2024, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 19, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on March 4, 2024:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2024, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2024 and 2023, the Company's regulatory asset balance was $1.2 billion and $1.1 billion, respectively, and its regulatory liability balance was $1.4 billion and $1.5 billion, respectively. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2024 and 2023, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.

- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.
- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality— Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.70%, 5.18% and 5.58% at December 31, 2024, 2023 and 2022, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.69%, 5.22% and 5.60% at December 31, 2024, 2023 and 2022, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.73% for 2024, 6.79% for 2023 and 6.50% for 2022. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2024, 5.00% for 2023 and 3.60% for 2022.

Presented in the table below are the allocations of the pension plan assets by asset category:

		Percentage of Plan Assets as of December 31,	
Asset Category	2025 Target Allocation	2024	2023
Equity securities	37 %	44 %	41 %
Fixed income	63 %	56 %	59 %
Total	100 %	100 %	100 %

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

		Percentage of Plan Assets as of December 31,	
Asset Category	2025 Target Allocation (a)	2024	2023
Equity securities	27 %	34 %	32 %
Fixed income	73 %	66 %	68 %
Total	100 %	100 %	100 %

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.51% for 2024, 2023 and 2022.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2024, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.75% in 2024 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2024, the Company projects that medical inflation will be 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.70% and 6.63%, respectively, for estimating its 2025 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.69% and 5.00%, respectively, for estimating its 2025 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2024 pension and postretirement total net benefit credit was $3 million and the 2023 pension and postretirement total net benefit credit was $6 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2025; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2024 and 2023 was $219 million and $193 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2024 and 2023, was $96 million and $109 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2024, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2024 would result in an increased annual interest expense of approximately $2 million.

As of December 31, 2024, the Company had eight treasury lock agreements, each with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed rate of 4.03%. When entering into treasury locks, the Company is subject to market risk with respect to changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2024, was in a gain position of $24 million. A hypothetical 1% favorable change in interest rates would result in an increase in the fair value of the treasury locks to a gain position of approximately $60 million at December 31, 2024.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,169 million and $1,416 million, respectively, as of December 31, 2024. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
ASSETS		
Property, plant and equipment	$ 35,059	$ 32,189
Accumulated depreciation	(7,021)	(6,751)
Property, plant and equipment, net	28,038	25,438
Current assets:		
Cash and cash equivalents	96	330
Restricted funds	29	34
Accounts receivable, net of allowance for uncollectible accounts of $53 and $51, respectively	416	339
Income tax receivable	25	86
Unbilled revenues	315	302
Materials and supplies	103	112
Other	231	186
Total current assets	1,215	1,389
Regulatory and other long-term assets:		
Regulatory assets	1,150	1,106
Secured seller promissory note from the sale of the Homeowner Services Group	795	720
Operating lease right-of-use assets	89	86
Goodwill	1,144	1,143
Other	399	416
Total regulatory and other long-term assets	3,577	3,471
Total assets	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2024	December 31, 2023
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,371,701 and 200,144,968 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,598	8,550
Retained earnings	2,112	1,659
Accumulated other comprehensive income (loss)	12	(26)
Treasury stock, at cost (5,451,216 and 5,414,867 shares, respectively)	(392)	(388)
Total common shareholders' equity	10,332	9,797
Long-term debt	12,518	11,715
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,521	11,718
Total capitalization	22,853	21,515
Current liabilities:		
Short-term debt	879	179
Current portion of long-term debt	637	475
Accounts payable	346	294
Accrued liabilities	791	791
Accrued taxes	156	67
Accrued interest	111	93
Other	230	252
Total current liabilities	3,150	2,151
Regulatory and other long-term liabilities:		
Advances for construction	383	352
Deferred income taxes and investment tax credits	2,881	2,717
Regulatory liabilities	1,416	1,481
Operating lease liabilities	76	73
Accrued pension expense	217	262
Other	277	196
Total regulatory and other long-term liabilities	5,250	5,081
Contributions in aid of construction	1,577	1,551
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 32,830	$ 30,298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2024	2023	2022
Operating revenues	$ 4,684	$ 4,234	$ 3,792
Operating expenses:			
Operation and maintenance	1,858	1,720	1,589
Depreciation and amortization	788	704	649
General taxes	320	307	281
Other	—	(1)	—
Total operating expenses, net	2,966	2,730	2,519
Operating income	1,718	1,504	1,273
Other income (expense):			
Interest expense	(523)	(460)	(433)
Interest income	94	73	52
Non-operating benefit costs, net	28	32	77
Gain on sale of businesses	—	—	19
Other, net	42	47	20
Total other income (expense)	(359)	(308)	(265)
Income before income taxes	1,359	1,196	1,008
Provision for income taxes	308	252	188
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.39	$ 4.90	$ 4.51
Weighted average common shares outstanding:			
Basic	195	193	182
Diluted	195	193	182

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2024	2023	2022
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Other comprehensive income (loss), net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $(2) and $5 in 2024, 2023 and 2022, respectively	1	(3)	14
Defined benefit pension plan amortization of actuarial loss, net of tax of $0, $0 and $1 in 2024, 2023 and 2022, respectively	—	4	3
Unrealized gain (loss) on cash flow hedges, net of tax of $9, $0 and $1 in 2024, 2023 and 2022, respectively	39	(8)	5
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $0 in 2024, 2023 and 2022	(2)	4	—
Net other comprehensive income (loss)	38	(3)	22
Comprehensive income attributable to common shareholders	$ 1,089	$ 941	$ 842

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,051	$ 944	$ 820
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	788	704	649
Deferred income taxes and amortization of investment tax credits	156	208	80
Provision for losses on accounts receivable	31	24	24
Gain on sale of businesses	—	—	(19)
Pension and non-pension postretirement benefits	(3)	(6)	(47)
Other non-cash, net	34	(27)	7
Changes in assets and liabilities:			
Receivables and unbilled revenues	(107)	(56)	(114)
Income tax receivable	61	28	(110)
Pension and non-pension postretirement benefit contributions	(52)	(49)	(51)
Accounts payable and accrued liabilities	111	70	(8)
Accrued taxes	92	21	(118)
Other assets and liabilities, net	(117)	13	(5)
Net cash provided by operating activities	2,045	1,874	1,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(2,856)	(2,575)	(2,297)
Acquisitions, net of cash acquired	(417)	(81)	(315)
Proceeds from sale of assets, net of cash on hand	—	—	608
Removal costs from property, plant and equipment retirements, net	(152)	(159)	(123)
Purchases of available-for-sale fixed-income securities	(135)	—	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	181	—	—
Net cash used in investing activities	(3,379)	(2,815)	(2,127)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,437	1,264	822
Repayments of long-term debt	(475)	(282)	(15)
Net proceeds from common stock financing	—	1,688	—
Net short-term borrowings (repayments) with maturities less than three months	700	(996)	591
Advances and contributions in aid of construction, net of refunds of $33, $25 and $19 in 2024, 2023 and 2022, respectively	39	60	74
Debt issuance costs	(14)	(16)	(7)
Dividends paid	(585)	(532)	(467)
Other, net	8	2	2
Net cash provided by financing activities	1,110	1,188	1,000
Net (decrease) increase in cash, cash equivalents and restricted funds	(224)	247	(19)
Cash, cash equivalents and restricted funds at beginning of period	364	117	136
Cash, cash equivalents and restricted funds at end of period	$ 140	$ 364	$ 117
Cash paid (received) during the year for:			
Interest, net of capitalized amount	$ 483	$ 445	$ 414
Income taxes, net of refunds of $5, $30 and $2 in 2024, 2023 and 2022, respectively	$ (5)	$ —	$ 335
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 347	$ 399	$ 330

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity
(In millions, except per share data)

	Common Stock				Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2021	186.9	$ 2	$ 6,781	$ 925	$ (45)	(5.3)	$ (365)	$ 7,298
Net income attributable to common shareholders	—	—	—	820	—	—	—	820
Common stock issuances (a)	0.5	—	43	—	—	(0.1)	(12)	31
Net other comprehensive income	—	—	—	—	22	—	—	22
Dividends ($2.62 declared per common share)	—	—	—	(478)	—	—	—	(478)
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332

(a) Includes stock-based compensation, employee stock purchase plan and direct stock reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $398 million and $419 million as of December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2024	2023
Cash and cash equivalents	$ 96	$ 330
Restricted funds	29	34
Restricted funds included in other long-term assets	15	—
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 140	$ 364

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note is accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and is classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note is accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8—Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2024 and 2023, on the Consolidated Balance Sheets are estimated refunds of $21 million and $18 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $46 million, $40 million and $37 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2024	2023	2022
Allowance for other funds used during construction	$ 38	$ 41	$ 20
Allowance for borrowed funds used during construction	21	24	14

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Segment Reporting	The guidance in this standard expands reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Additionally, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit and loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements.	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024	Retrospective	The Company adopted the standard as of December 31, 2024, including a recast of 2023 and 2022 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 20—Segment Information for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2024:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2024. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	(a)	$ 17
New Jersey	September 15, 2024	80
Pennsylvania	August 7, 2024	99
Indiana, Step Increases	(b)	48
West Virginia	February 25, 2024	18
California	January 1, 2024	21
Total general rate case authorizations		$ 283

(a) In 2024, $6 million was effective November 6 and $11 million was effective May 3.

(b) In 2024, $23 million was effective May 10 and $25 million was effective February 21.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2025. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Tennessee	January 21, 2025	$ 1
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 106

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. New rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On May 3, 2024, the Kentucky Public Service Commission (the "KPSC") issued an order approving the adjustment of base rates requested in a rate case filed on June 30, 2023, by the Company's Kentucky subsidiary. The general rate case order approved an $11 million annualized increase in water revenues, excluding infrastructure surcharge revenues of $10 million, which continue to be recovered in the Kentucky subsidiary's approved infrastructure mechanism. The annualized increase is based upon an authorized return on equity of 9.70%, authorized rate base of $489 million, which reflects capital investments through January 31, 2025, and a capital structure with a common equity ratio of 52.22%. Interim rates in this proceeding were effective on February 6, 2024, and the order required that the difference between interim and final approved rates be subject to refund no later than August 26, 2024. On May 16, 2024, the Kentucky subsidiary filed with the KPSC a petition for rehearing of the KPSC's order, seeking clarification and/or correction of certain computational inconsistencies that the Kentucky subsidiary believes are reflected in the KPSC's order with respect to the authorized amount of annualized revenues to be received by the Kentucky subsidiary. On November 6, 2024, the KPSC approved a final order (the "Final Order") providing for a $17 million annualized increase in water revenues, an increase of approximately $6 million from May 3, 2024. New rates provided in the Final Order were effective November 6, 2024.

On September 4, 2024, the New Jersey Board of Public Utilities ("NJBPU") issued an order approving without modification the stipulation of settlement of a general rate case filed on January 19, 2024, by the Company's New Jersey subsidiary. The general rate case order approved an $80 million annualized increase in the New Jersey subsidiary's water and wastewater revenues, effective September 15, 2024, based on (i) an authorized return on equity of 9.60%, (ii) an authorized rate base of $5.1 billion, (iii) a common equity ratio of 55.00%, and (iv) a long-term debt ratio of 45.00%. The annualized revenue increase is driven primarily by $1.3 billion of incremental capital investments since the New Jersey subsidiary's last general rate case. The New Jersey subsidiary will continue to defer as a regulatory asset or liability, as appropriate, until its next general rate case, the difference between its pension expense and other postretirement benefits expense and those amounts included in base rates.

On July 22, 2024, the Pennsylvania Public Utility Commission (the "PaPUC") released an order approving the adjustment of base rates requested in a general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023. The PaPUC approved a $99 million annualized increase in the Pennsylvania subsidiary's water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $20 million, based on (i) an authorized return on equity of 9.45%, (ii) an authorized rate base of $5.8 billion, which reflects, as requested and included in the general rate case, approximately $1.0 billion in capital investments to be made through mid-2025, (iii) a common equity ratio of 55.30%, and (iv) a long-term debt ratio of 44.70%. Certain acquisitions, including the acquisition of the wastewater collection and treatment system of the Butler Area Sewer Authority, were excluded from authorized base rates. The new rates were effective on August 7, 2024, except that new wastewater rates for two recently acquired systems, including the City of York, will take effect during the first half of 2025 in accordance with the terms of the relevant acquisition agreements. As part of its approval of this rate adjustment, the PaPUC initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the second quarter of 2025.

On February 23, 2024, the West Virginia Public Service Commission (the "WVPSC") issued an order approving the adjustment of base rates requested in a rate case filed on May 1, 2023, by the Company's West Virginia subsidiary. The general rate case order approved an $18 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $7 million, based on an authorized return on equity of 9.80%, authorized rate base of $886 million, which reflects capital investments through February 2024, a common equity ratio of 50.12% and a long-term debt ratio of 49.88%. The increased water and wastewater revenues related to the base rate adjustment are being driven primarily by (i) $220 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

On February 14, 2024, the Indiana Utility Regulatory Commission issued an order approving the adjustment of base rates requested in a rate case filed on March 31, 2023, by the Company's Indiana subsidiary. The general rate case order approved a $66 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges, based on an authorized return on equity of 9.65%, authorized rate base of $1.8 billion, a common equity ratio of 56.15% and a debt ratio of 43.85%. For purposes of determining rates, the adjustment is based on an equity component of 48.19% due to the regulatory practice in Indiana of including certain zero-cost items or tax credit balances in the capital structure calculation. The annualized revenue increase will include three step increases, with $25 million of the increase to be included in rates in February 2024, $23 million in May 2024, and $18 million in May 2025. The increases are being driven primarily by (i) over $875 million of water and wastewater system capital investments since the completion of the Indiana subsidiary's last rate case and through April 30, 2025, (ii) higher pension and other postretirement benefit costs, and (iii) increases in production costs, including chemicals, fuel and power costs.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. The Hawaii subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The request is based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%. The requested annualized incremental revenue is driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to this date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues and define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. The Missouri subsidiary anticipates that the general rate case proceeding will be completed by mid-2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary now expects resolution of this proceeding by May 2025.

On December 15, 2023, the Company's California subsidiary submitted a request to delay by one year its cost of capital filing and maintain its current authorized cost of capital through 2025. On February 2, 2024, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2025, to set its authorized cost of capital beginning January 1, 2026. On December 18, 2024, the California subsidiary submitted a request to further delay by one year its cost of capital filing and maintain the authorized cost of capital through 2026. On January 14, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027.

On November 1, 2023, the Company's Virginia subsidiary filed a general rate case requesting $20 million in additional annualized revenues. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 45.67% and a debt and other component of 54.33%. The requested increase is driven by approximately $110 million in capital investments between May 2023 and April 2025. The request also proposed a revenue decoupling mechanism and seeks deferral of certain production cost adjustments. Interim rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. On September 20, 2024, the Virginia subsidiary filed with the Virginia State Corporation Commission (the "SCC") a "black box" stipulation of settlement on key financial terms which agreed to a $15 million annualized increase in the Virginia subsidiary's revenues. The stipulation of settlement also agreed, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), that its return on equity will be 9.70% and its capital structure will consist of an equity component of 45.67% and a debt and other component of 54.33%. The stipulation of settlement remains subject to SCC review and approval.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2024:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	(b)	$ 47
Pennsylvania	(c)	21
New Jersey	April 30, 2024	9
Iowa	March 1, 2024	1
West Virginia (a)	March 1, 2024	7
Illinois	January 1, 2024	5
Total infrastructure surcharge authorizations		$ 90

(a) On March 5, 2024, the WVPSC directed the Company's West Virginia subsidiary to interpret the distribution system improvement charge ("DSIC") Order as having included within the DSIC the three-year amortization of a prior authorized deferral associated with a large treatment plant project. The inclusion of this deferral increased the net incremental revenue by $0.7 million to a total of $6.6 million effective March 1, 2024.

(b) In 2024, $21 million was effective July 11 and $26 million was effective January 20.

(c) In 2024, $14 million was effective July 1 and $7 million was effective April 1.

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2025:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge filings		$ 23

Other Regulatory Matters

In September 2020, the CPUC released a decision under its Low-Income Rate Payer Assistance program rulemaking that required the Company's California subsidiary to file a proposal to alter its water revenue adjustment mechanism in its next general rate case filing in 2022, which would have become effective upon receiving an order in the rate case. On October 5, 2020, the Company's California subsidiary filed an application for rehearing of the decision and following the CPUC's denial of its rehearing application in September 2021, the Company's California subsidiary filed a petition for writ of review with the California Supreme Court on October 27, 2021. On May 18, 2022, the California Supreme Court issued a writ of review for the California subsidiary's petition and the petitions filed by other entities challenging the decision. On July 8, 2024, the California Supreme Court issued a unanimous opinion concluding that the CPUC did not regularly seek to exercise its authority when it prohibited water utilities from proposing to continue their water revenue adjustment mechanisms. Accordingly, the California Supreme Court vacated the portion of the CPUC's 2020 decision relating to this prohibition against continuation of such water revenue adjustment mechanisms.

Independent of the judicial challenge, California passed Senate Bill 1469, which allows the CPUC to consider and authorize the implementation of a mechanism that separates the water corporation's revenue and its water sales. Legislation was signed by the Governor on September 30, 2022, and became effective on January 1, 2023. In response to the legislation, on January 27, 2023, the Company's California subsidiary filed an updated application requesting the CPUC to consider a Water Resources Sustainability Plan decoupling mechanism in its 2022 general rate case. On December 5, 2024, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

On March 2, 2021, an administrative law judge ("ALJ") in the Office of Administrative Law of New Jersey filed an initial decision with the NJBPU that recommended denial of a petition filed by the Company's New Jersey subsidiary, which sought approval of acquisition adjustments in rate base of $29 million associated with the acquisitions of Shorelands Water Company, Inc. in 2017 and the Borough of Haddonfield's water and wastewater systems in 2015. On July 29, 2021, the NJBPU issued an order adopting the ALJ's initial decision without modification. The Company's New Jersey subsidiary filed a Notice of Appeal with the New Jersey Appellate Division on September 10, 2021. On December 30, 2024, the New Jersey Appellate Division of the New Jersey Superior Court affirmed the NJBPU decision rejecting the acquisition adjustments. There is no financial impact to the Company as a result of the NJBPU's order and resulting appeal decision, since the acquisition adjustments are currently recorded as goodwill on the Consolidated Balance Sheets.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2024, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2024	2023
Removal costs recoverable through rates	$ 356	$ 322
Deferred pension expense	318	308
Customer lead line replacements	86	66
Unamortized debt expense	84	82
Regulatory balancing accounts	71	81
Programmed maintenance expense	57	58
Purchase premium recoverable through rates	50	52
Other	128	137
Total regulatory assets	$ 1,150	$ 1,106

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $304 million and $300 million as of December 31, 2024 and 2023, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Other regulatory assets include the financial impacts relating to the COVID-19 pandemic, certain construction costs for treatment facilities, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

The Company has current regulatory assets of $19 million and $13 million included in other current assets on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2024	2023
Income taxes recovered through rates	$ 1,016	$ 1,064
Removal costs recovered through rates	245	254
Postretirement benefit liability	71	85
Other	84	78
Total regulatory liabilities	$ 1,416	$ 1,481

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 (the "TCJA") required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the financial impacts relating to the COVID-19 pandemic, TCJA reserves on revenue, pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

The Company has no current regulatory liabilities and had $1 million of current regulatory liabilities included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2022:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,938	$ 3	$ 1,941
Commercial	709	1	710
Fire service	147	—	147
Industrial	152	1	153
Public and other	252	—	252
Total water services	3,198	5	3,203
Wastewater services:			
Residential	173	1	174
Commercial	45	—	45
Industrial	4	—	4
Public and other	19	—	19
Total wastewater services	241	1	242
Miscellaneous utility charges	36	—	36
Alternative revenue programs	—	15	15
Lease contract revenue	—	9	9
Total Regulated Businesses	3,475	30	3,505
Other	288	(1)	287
Total operating revenues	$ 3,763	$ 29	$ 3,792

(a) Includes revenues associated with alternative provisional rates, revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $84 million, $95 million and $86 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract assets of $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024. There were $87 million of contract assets added during 2023, and $78 million of contract assets were transferred to accounts receivable during 2023.

Contract liabilities of $40 million, $63 million and $91 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2024, 2023 and 2022, respectively. Also, contract liabilities of $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2024, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023 and 2022. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024. There were $103 million of contract liabilities added during 2023, and $131 million of contract liabilities were recognized as revenue during 2023.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2024, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2024, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $612 million as of December 31, 2024, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, and which acquisitions added approximately 69,500 water and wastewater customers. These totals include the acquisitions from the Butler Area Sewer Authority and Granite City noted below. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. Seven of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

On October 29, 2024, the Company's Pennsylvania subsidiary acquired the wastewater collection and treatment system assets from the Butler Area Sewer Authority for a purchase price of $230 million, in cash. This system provides wastewater service for approximately 15,000 customer connections. Assets acquired from this acquisition, principally utility plant, totaled $229 million and $1 million of goodwill. This acquisition was accounted for as a business combination.

On March 11, 2024, the Company's Illinois subsidiary completed the acquisition of a wastewater treatment plant and related assets from Granite City for a cash purchase price of $86 million, which added approximately 26,000 wastewater customers, including 15,500 customers indirectly in surrounding communities. Assets acquired from this acquisition, principally utility plant, totaled $91 million and liabilities assumed totaled $5 million. This acquisition was accounted for as a business combination.

During 2023, the Company closed on 23 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $77 million, $2 million of which was funded as a deposit in 2021, and which acquisitions added approximately 18,100 water and wastewater customers. Assets acquired from these acquisitions, principally utility plant, totaled $81 million and liabilities assumed totaled $4 million. Five of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the years ended December 31, 2024, 2023 and 2022.

Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note has increased from 7.00% per year to 10.00% per year until maturity. The Company recognized $77 million, $50 million, and $50 million of interest income during the years ended December 31, 2024, 2023 and 2022, respectively, from this note. The secured seller note requires compliance with affirmative and negative covenants (subject to certain conditions, limitations and exceptions), including a covenant limiting the incurrence by the Buyer and certain affiliates of additional indebtedness in excess of certain thresholds, but does not include any financial maintenance covenants. Certain of these covenants were amended, including to provide for annual reductions of specified debt incurrence ratios. Furthermore, the amendment to the secured seller note eliminated the conditional right, beginning December 9, 2024, to require a repayment, without premium or penalty, of 100% of the outstanding principal amount in full in cash together with all accrued and unpaid interest and other obligations thereunder. The final maturity date of the secured seller note remains December 9, 2026. The repayment obligations of the Buyer under this note are secured by a first priority security interest in certain property of the Buyer and the former HOS subsidiaries, including their cash and securities accounts, as well as a pledge of the equity interests in each of those subsidiaries, subject to certain limitations and exceptions.

On December 3, 2024, a covenant in the secured seller note was amended to increase the maximum aggregate principal amount of revolving facility indebtedness (as defined and described thereunder) that could be incurred at any time by the Buyer and certain affiliates.

The secured seller note may not be prepaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium ranging from 105.5% to 107.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2024	2023	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 302	$ 293		
Sources of supply	1,124	1,081	20 to 127 years	46 years
Treatment and pumping	4,786	4,594	3 to 101 years	39 years
Transmission and distribution	14,745	13,900	9 to 128 years	66 years
Services, meters and fire hydrants	6,356	5,696	2 to 109 years	29 years
General structures and equipment	2,813	2,512	3 to 109 years	17 years
Waste collection	1,986	1,719	5 to 113 years	53 years
Waste treatment, pumping and disposal	1,425	1,191	2 to 153 years	34 years
Construction work in progress	1,359	1,040		
Other plant	22	24		
Total utility plant	34,918	32,050		
Nonutility property	141	139	3 to 50 years	12 years
Total property, plant and equipment	$ 35,059	$ 32,189		

Property, plant and equipment depreciation expense amounted to $690 million, $617 million and $552 million for the years ended December 31, 2024, 2023 and 2022, respectively, and was included in depreciation and amortization expense on the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.73%, 2.68% and 2.60% for the years ended December 31, 2024, 2023 and 2022, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $347 million and $399 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2024 and 2023, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In December and January of 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. In March of 2023, the NJEDA issued to the Company the utilization certificate for the 2020 tax credits in the amount of $16 million. The Company sold the 2022, 2021, and 2020 tax credits to an external party for $14 million, $15 million and $15 million, respectively. For the years ended December 31, 2024, 2023 and 2022, the Company recorded losses of $2 million, $1 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2023, the Company had current assets of $32 million included in Other and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2021 through 2028 tax credits. In 2023, the Company reduced net realizable value of the future tax credit receivable by approximately $7 million as the Company does not expect it will be eligible to recognize the full amount of the tax credit as it expects to have lower than required eligible headcount in the future. The Company has made the necessary annual filing for the year ended December 31, 2023, and expects to make the 2024 filing in April 2025, prior to the required filing deadline. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2024	2023	2022
Balance as of January 1	$ (51)	$ (60)	$ (75)
Amounts charged to expense	(31)	(24)	(24)
Amounts written off	31	28	27
Other, net (a)	(2)	5	12
Balance as of December 31	$ (53)	$ (51)	$ (60)

(a) This portion of the allowance for uncollectible accounts is primarily related to COVID-19 related regulatory asset activity.

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2024 and 2023:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2023	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	—	—	—	—	—	—	—
Balance as of December 31, 2023	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$ 3,471	$ (2,332)	$ 113	$ (108)	$ 3,584	$ (2,440)	$ 1,144

The Company completed its annual impairment testing of goodwill as of November 30, 2024, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2024.

In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment. In 2023, there were no additions or impairments to the Company's goodwill.

Note 9: Shareholders' Equity

Common Stock Offering

On March 3, 2023, the Company completed an underwritten public offering of an aggregate of 12,650,000 shares of parent company common stock. Upon closing of this offering, the Company received, after deduction of the underwriting discount and before deduction of offering expenses, net proceeds of approximately $1,688 million. The Company used the net proceeds of the offering to repay short-term commercial paper obligations of American Water Capital Corp. ("AWCC"), the wholly owned finance subsidiary of parent company, and for general corporate purposes.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2024, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2024 and 2023. As of December 31, 2024, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2024, 2023 and 2022:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2022	$ (107)	$ 1	$ 67	$ (6)	$ —	$ (45)
Other comprehensive income before reclassification	14	—	—	5	—	19
Amounts reclassified from accumulated other comprehensive income	—	—	3	—	—	3
Net other comprehensive income	14	—	3	5	—	22
Ending balance as of December 31, 2022	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2024, 2023 and 2022, the Company paid $585 million, $532 million and $467 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2024	2023	2022
December	$ 0.7650	$ 0.7075	$ 0.6550
September	$ 0.7650	$ 0.7075	$ 0.6550
June	$ 0.7650	$ 0.7075	$ 0.6550
March	$ 0.7075	$ 0.6550	$ 0.6025

On December 6, 2024, the Company's Board of Directors declared a quarterly cash dividend payment of $0.7650 per share payable on March 4, 2025, to shareholders of record as of February 7, 2025.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017 Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2024, 5.8 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2024, 2023 and 2022 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2024, 2023 and 2022. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2024	2023	2022
RSUs and PSUs	$ 34	$ 23	$ 26
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	36	25	28
Income tax benefit	(8)	(6)	(6)
Stock-based compensation expense, net of tax	$ 28	$ 19	$ 22

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2024, 2023 and 2022.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2024, 2023 and 2022, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2024, 2023 and 2022, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Beginning in 2024, the shares are distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $10 million, $9 million and $9 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	64	$ 134.61
Granted	81	123.07
Vested	(59)	148.13
Forfeited	(11)	140.79
Non-vested total as of December 31, 2024	75	$ 131.20

As of December 31, 2024, $5 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.67 years. The total fair value of stock units and RSUs vested was $9 million, $6 million and $6 million for the years ended December 31, 2024, 2023 and 2022, respectively.

During 2024, 2023 and 2022, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $23 million, $28 million and $20 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the “Performance Period”). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2024:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2023	245	$ 143.26
Granted	177	127.18
Vested	(60)	157.83
Forfeited	(40)	181.71
Non-vested total as of December 31, 2024	322	$ 130.04

As of December 31, 2024, $7 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.83 years. The total fair value of PSUs vested was $23 million, $31 million and $24 million for the years ended December 31, 2024, 2023 and 2022, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company’s common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2024	2023	2022
Expected volatility	22.98%	25.45%	29.69%
Risk-free interest rate	4.39%	4.31%	1.90%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$118.95	$168.00	$99.23

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2024, there were 1.4 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2024, 2023 and 2022, the Company issued approximately 90,000, 87,000 and 82,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2024	2023
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.02%	2025-2054	$ 11,786	$ 10,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	188
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.04%	2025-2061	761	729
Mortgage bonds—fixed rate	6.35%-9.19%	7.41%	2025-2039	456	516
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.01%		13,193	12,222
Unamortized debt discount, net (b)				(20)	(11)
Unamortized debt issuance costs				(15)	(18)
Less current portion of long-term debt				(637)	(475)
Total long-term debt				$ 12,521	$ 11,718

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $752 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2024.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00. In addition, the Company has $824 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.51%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2025	$ 637
2026	1,478
2027	686
2028	868
2029	936
Thereafter	8,588

Presented in the table below are the issuances of long-term debt in 2024:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.15%-5.45%	5.30%	2034-2054	$ 1,400
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-1.75%	0.01%	2025-2061	46
Total issuances					$ 1,446

The Company incurred debt issuance costs of $14 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2024 through sinking fund provisions, optional redemption or payment at maturity:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.85%	3.85%	2024	$ 400
AWCC	Private activity bonds and government funded debt—fixed rate	1.79%-2.31%	2.24%	2024-2031	1
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.50%	1.53%	2024-2061	14
Other American Water subsidiaries	Mortgage bonds—fixed rate	6.99%-7.17%	7.13%	2024	60
Total retirements and redemptions					$ 475

On February 23, 2024, AWCC completed a $1.4 billion debt offering, which included the sale of $700 million aggregate principal amount of its 5.150% Senior Notes due 2034 and $700 million aggregate principal amount of its 5.450% Senior Notes due 2054. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $1,381 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.850% Senior Notes due 2024; (iii) to repay AWCC's commercial paper obligations; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations and minimizes this risk by dealing only with leading, creditworthy financial institutions having long-term credit ratings of "A-" or better.

During the second half of 2024, the Company entered into eight treasury lock agreements, with a term of 10 years or 30 years, with notional amounts totaling $355 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.03%. In 2025, the Company entered into five additional treasury lock agreements, with a term of 10 years, with notional amounts totaling $275 million, to reduce interest rate exposure on debt expected to be issued in 2025. These treasury lock agreements terminate in March 2025 and have an average fixed interest rate of 4.60%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

The Company had entered into 15 treasury lock agreements through February 2024, with notional amounts totaling $825 million. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss. In February 2024, the Company terminated the treasury lock agreements realizing a pre-tax net gain of $14 million, to be amortized through Interest expense over a 10-year period or 30-year period, in accordance with the tenor of the notes issued on February 23, 2024.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2024, 2023 or 2022.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. On October 28, 2024, the termination date of the credit agreement with respect to AWCC's revolving credit facility was extended, as permitted by the terms of the credit agreement, from October 2028 to October 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $880 million and $180 million as of December 31, 2024 and 2023, respectively, or net of discount $879 million and $179 million as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

	2023		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(180)	(75)	(255)
Remaining availability as of December 31, 2023	$ 2,420	$ 75	$ 2,495

(a) Total remaining availability of $2.5 billion as of December 31, 2023, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2024 and 2023, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884
Available liquidity as of December 31, 2023	$ 330	$ 2,495	$ 2,825

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2024	2023
Average borrowings	$ 161	$ 288
Maximum borrowings outstanding	$ 880	$ 1,570
Weighted average interest rates, as of December 31	4.65 %	5.51 %

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2024, was 0.58 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2024	2023	2022
Property and capital stock	$ 125	$ 119	$ 108
Gross receipts and franchise	140	134	124
Payroll	41	38	36
Other general	14	16	13
Total general taxes	$ 320	$ 307	$ 281

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2024	2023	2022
Current income taxes:			
State	$ 16	$ 16	$ 26
Federal	136	28	82
Total current income taxes	$ 152	$ 44	$ 108
Deferred income taxes:			
State	$ 53	$ 44	$ 24
Federal	104	165	57
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	156	208	80
Provision for income taxes	$ 308	$ 252	$ 188

Presented in the table below is a reconciliation between the statutory federal income tax rate and the Company's effective tax rate for the years ended December 31:

	2024	2023	2022
Income tax at statutory rate	21.0 %	21.0 %	21.0 %
Increases (decreases) resulting from:			
State taxes, net of federal taxes	4.0 %	4.0 %	4.1 %
EADIT	(2.7)%	(4.2)%	(6.5)%
Other, net	0.4 %	0.3 %	0.1 %
Effective tax rate	22.7 %	21.1 %	18.7 %

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2024	2023
Deferred tax assets:		
Advances and contributions	$ 493	$ 478
Tax losses and credits	128	17
Regulatory income tax assets	181	191
Pension and other postretirement benefits	64	75
Other	163	172
Total deferred tax assets	1,029	933
Valuation allowance	(8)	(11)
Total deferred tax assets, net of allowance	$ 1,021	$ 922
Deferred tax liabilities:		
Property, plant and equipment	$ 3,553	$ 3,269
Deferred pension and other postretirement benefits	86	84
Other	244	268
Total deferred tax liabilities	3,883	3,621
Total deferred tax liabilities, net of deferred tax assets	$ (2,862)	$ (2,699)

As of December 31, 2024 and 2023, the Company had state net operating loss ("NOL") carryforwards of $251 million and $238 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards expire in 2025 through 2044.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of December 31, 2024, the Company has a CAMT credit carryforward of $111 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company will include the CAMT liability in its 2024 extension payment due April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2019 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2022	$ 140
Increases in current period tax positions	26
Decreases in prior period measurement of tax positions	(8)
Balance as of December 31, 2022	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203

The Company's tax positions relate primarily to the deductions claimed for repair and maintenance costs on its utility plant. The Company expects a reduction of approximately $81 million in its unrecognized tax benefits within the next year due to the expiration of statutes of limitation, offset by current year activity.

If the Company sustains all of its positions as of December 31, 2024, an unrecognized tax benefit of $8 million, excluding interest and penalties, would impact the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2024 and 2023.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2022	$ 10
Increases in current period tax positions	1
Balance as of December 31, 2022	$ 11
Increases in current period tax positions	—
Balance as of December 31, 2023	$ 11
Decreases in current period tax positions	(3)
Balance as of December 31, 2024	$ 8

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001, except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2024, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3 %
Equity securities:						
U.S. large cap	155	29	—	—	126	11 %
U.S. small cap	34	34	—	—	—	2 %
International	258	—	—	—	258	19 %
Real estate fund	120	—	—	—	120	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17 %
Corporate bonds	489	—	489	—	—	35 %
Mortgage-backed securities	6	—	6	—	—	— %
Municipal bonds	20	—	20	—	—	2 %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Cash	$ 56	$ 56	$ —	$ —	$ —	4 %
Equity securities:						
U.S. large cap	134	23	—	—	111	9 %
U.S. small cap	37	37	—	—	—	3 %
International	235	—	—	—	235	16 %
Real estate fund	132	—	—	—	132	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	234	171	2	—	61	16 %
Corporate bonds	531	—	531	—	—	38 %
Mortgage-backed securities	8	—	8	—	—	1 %
Municipal bonds	23	—	23	—	—	2 %
Long duration bond fund	3	—	—	—	3	— %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,431	$ 287	$ 564	$ 32	$ 548	100 %

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2024 and 2023, respectively.

The Company’s 2025 target pension plan asset allocation is 37% equity securities and 63% fixed income securities. The Company’s 2024 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2024 and 2023, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	83	—	83	—	—	86 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7 %
Corporate bonds	23	—	23	—	—	82 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	36 %
International	30	30	—	—	—	23 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	48	—	48	—	—	38 %
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100 %
Total	$ 253	$ 95	$ 158	$ —	$ —	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2023
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	86	—	86	—	—	85 %
Municipal bonds	4	—	4	—	—	4 %
Total bargained VEBA	$ 101	$ 11	$ 90	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	6 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	6 %
Corporate bonds	26	—	26	—	—	82 %
Municipal bonds	2	—	2	—	—	6 %
Total Active VEBA	$ 32	$ 4	$ 28	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	44	44	—	—	—	35 %
International	30	30	—	—	—	24 %
Fixed income securities:						
Municipal bonds	49	—	49	—	—	39 %
Total non-bargained VEBA	$ 125	$ 76	$ 49	$ —	$ —	100 %
Total	$ 258	$ 91	$ 167	$ —	$ —	100 %

The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2024 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,622	$ 1,578	$ 247	$ 255
Service cost	17	17	2	2
Interest cost	83	85	12	14
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	(55)	67	(18)	(4)
Settlements	(2)	(3)	—	—
Gross benefits paid	(105)	(118)	(22)	(24)
Federal subsidy	—	—	1	1
Other adjustments	—	(4)	—	—
Benefit obligation as of December 31,	$ 1,560	$ 1,622	$ 225	$ 247
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,431	$ 1,413	$ 258	$ 254
Actual return on plan assets	19	93	11	22
Employer contributions	49	46	3	3
Plan participants' contributions	—	—	3	3
Settlements	(2)	(3)	—	—
Benefits paid	(105)	(118)	(22)	(24)
Fair value of plan assets as of December 31,	$ 1,392	$ 1,431	$ 253	$ 258
Funded value as of December 31,	$ (168)	$ (191)	$ 28	$ 11
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 51	$ 73	$ 29	$ 12
Current liability	(2)	(2)	—	—
Noncurrent liability	(217)	(262)	(1)	(1)
Net amount recognized	$ (168)	$ (191)	$ 28	$ 11

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2024	2023	2024	2023
Net actuarial loss	$ 337	$ 340	$ 13	$ 30
Prior service credit	(5)	(8)	(84)	(115)
Net amount recognized	$ 332	$ 332	$ (71)	$ (85)
Regulatory assets (liabilities)	$ 304	$ 300	$ (71)	$ (85)
Accumulated other comprehensive income	28	32	—	—
Total	$ 332	$ 332	$ (71)	$ (85)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Projected benefit obligation	$ 916	$ 952
Fair value of plan assets	697	688

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2024	2023
Accumulated benefit obligation	$ 852	$ 875
Fair value of plan assets	697	688

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2025 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2025 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2025	$ 121	$ 22	$ 1
2026	122	22	1
2027	124	22	1
2028	124	21	1
2029	125	20	1
2030-2034	612	90	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2024	2023	2022	2024	2023	2022
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.50% in 2025	6.75% in 2024	7.00% in 2023
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.18%	5.58%	2.94%	5.22%	5.60%	2.90%
Expected return on plan assets	6.73%	6.79%	6.50%	5.00%	5.00%	3.60%
Rate of compensation increase	3.51%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.75% in 2024	7.00% in 2023	6.00% in 2022
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2026+

NOTE: "N/A" in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each of the plans' projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company's pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.73% to estimate its 2024 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2024 other postretirement benefit costs.

For the years ended December 31, 2024, 2023 and 2022, the Company's mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2024	2023	2022
Components of net periodic pension benefit cost (credit):			
Service cost	$ 17	$ 17	$ 30
Interest cost	83	85	64
Expected return on plan assets	(94)	(94)	(122)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	22	13	21
Settlements	1	1	—
Net periodic pension benefit cost (credit)	$ 26	$ 19	$ (10)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ (1)	$ 3	$ (14)
Amortization of actuarial loss	—	(4)	(3)
Total recognized in other comprehensive income	(1)	(1)	(17)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 25	$ 18	$ (27)
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 3
Interest cost	12	14	10
Expected return on plan assets	(12)	(12)	(19)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	2	—
Net periodic other postretirement benefit (credit) cost	$ (29)	$ (25)	$ (37)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $14 million and $13 million for 2024, 2023 and 2022, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $18 million, $17 million and $16 million for 2024, 2023 and 2022, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.1 billion as of December 31, 2024.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2025	$ 81
2026	70
2027	63
2028	64
2029	64
Thereafter	859

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2024, the Company has accrued approximately $16 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $9 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty; however, the Company does not currently anticipate that Company's maximum liability for the settlement will materially exceed $5 million. As a result, the Company has recorded a charge to earnings, net of insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC will be required unless and until a proposed settlement agreement has been entered into and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The Business Court has set a trial date of October 7, 2025, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the WVPSC issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project

costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $281 million in aggregate costs as of December 31, 2024, related to the Water Supply Project, which includes $88 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. This matter remains pending.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. Cal Am intends to file a notice of appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (1) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (2) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (3) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (1) acquire the Monterey system assets through the power of eminent domain, if necessary, and (2) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

On December 11, 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. On April 28, 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held on October 10, 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets. On December 15, 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2024	2023	2022
Numerator:			
Net income attributable to common shareholders	$ 1,051	$ 944	$ 820
Denominator:			
Weighted average common shares outstanding—Basic	195	193	182
Effect of dilutive common stock equivalents	—	—	—
Weighted average common shares outstanding—Diluted	195	193	182

The effect of dilutive common stock equivalents is related to outstanding stock options, RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based awards were excluded from the computation of diluted EPS for the years ended December 31, 2024, 2023 and 2022, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS is $795 million and $720 million as of December 31, 2024 and 2023, respectively. This amount represents the principal amount owed under the secured promissory seller note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $793 million and $704 million as of December 31, 2024 and 2023, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy. On February 2, 2024, the secured seller promissory note from the sale of HOS was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of a $75 million contingent cash payment, see Note 5—Acquisitions and Divestitures for additional information. As of December 31, 2023, the contingent cash payment was accounted for as a receivable, as the conditions had been satisfied, and its carrying amount, which approximated fair value, was included as a long-term asset in Other on the Consolidated Balance Sheets.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

	As of December 31, 2023				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	12,190	9,575	1,044	757	11,376

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

	As of December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	22	—	—	22
Deposits	8	—	—	8
Other investments:				
Money market and other	26	—	—	26
Fixed-income securities	140	6	—	146
Total assets	230	6	—	236
Liabilities:				
Deferred compensation obligations	27	—	—	27
Mark-to-market derivative liability	—	8	—	8
Total liabilities	27	8	—	35
Total assets (liabilities)	$ 203	$ (2)	$ —	$ 201

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $71 million and $62 million in other current assets, as of December 31, 2024 and 2023, respectively, and $44 million and $111 million in other long-term assets, as of December 31, 2024 and 2023, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

	As of December 31, 2023			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 143	$ 6	$ 3	$ 146

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2024, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 57
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 94

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million and $144 million as of December 31, 2024 and 2023, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2025 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $12 million, $11 million and $12 million for the years ended December 31, 2024, 2023 and 2022, respectively.

For the year ended December 31, 2024, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $11 million. For the year ended December 31, 2024, ROU assets obtained in exchange for new operating lease liabilities was $11 million.

As of December 31, 2024, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities at December 31, 2024, were $11 million in 2025, $10 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029 and $86 million thereafter. At December 31, 2024, imputed interest was $47 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2022		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,505	$ 287	$ 3,792
Less:			
Operation and maintenance (a)	1,345	244	1,589
Other segment items (b)	173	11	184
Depreciation and amortization	633	16	649
Interest expense	314	119	433
Interest income	(2)	(50)	(52)
Gain on sale of businesses	—	(19)	(19)
Provision for income taxes	188	—	188
Net income (loss) attributable to common shareholders	$ 854	$ (34)	$ 820
Total assets	$ 25,038	$ 2,749	$ 27,787
Capital expenditures	$ 2,284	$ 13	$ 2,297

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

Note 21: Unaudited Quarterly Data

Presented in the tables below are supplemental, unaudited, consolidated, quarterly financial data for each of the four quarters in the years ended December 31, 2024 and 2023, respectively. The operating results for any quarter are not indicative of results that may be expected for a full year or any future periods.

	2024			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$ 1,011	$ 1,149	$ 1,323	$ 1,201
Operating income	326	449	543	400
Net income attributable to common shareholders	185	277	350	239
Basic earnings per share:				
Net income attributable to common shareholders	$ 0.95	$ 1.42	$ 1.80	$ 1.22
Diluted earnings per share:				
Net income attributable to common shareholders	0.95	1.42	1.80	1.22

	2023			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$ 938	$ 1,097	$ 1,167	$ 1,032
Operating income	295	432	478	299
Net income attributable to common shareholders	170	280	323	171
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 0.91	$ 1.44	$ 1.66	$ 0.88
Diluted earnings per share: (a)				
Net income attributable to common shareholders	0.91	1.44	1.66	0.88

(a) Amounts may not sum due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2024, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2024, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Chief Executive Officer Succession

On February 19, 2025, reflecting the Company's existing and ongoing executive development and succession planning activities by management and the Board of Directors, Ms. Hardwick, the Company's Chief Executive Officer and a director, notified Karl F. Kurz, Board Chair, of her decision to retire as the Company's Chief Executive Officer and principal executive officer, effective as of the conclusion of the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting"). In her notice, Ms. Hardwick also indicated her decision not to stand for re-election to the Board of Directors at the 2025 Annual Meeting. On February 19, 2025, the Board of Directors accepted Ms. Hardwick's notice and, upon the recommendation of the Nominating Committee, determined that she would not stand for re-election to the Board of Directors at the 2025 Annual Meeting. Ms. Hardwick's decision not to stand for re-election to the Board of Directors was not as a result of any disagreement with the Company or the Board of Directors on any matter relating to the Company's operations, policies or practices.

On February 19, 2025, to provide for the orderly succession of Ms. Hardwick's roles, the Board of Directors designated Mr. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as principal executive officer, effective as of the conclusion of the 2025 Annual Meeting, to hold office until the Company's 2026 Annual Meeting of Shareholders (the "2026 Annual Meeting") and until his successor has been elected and qualified, or until his earlier death, resignation or removal. Upon the recommendation of the Nominating Committee, the Board of Directors also nominated Mr. Griffith for election to the Board of Directors at the 2025 Annual Meeting, and he will be included among the director nominees of the Board of Directors to be named in the Company's 2025 Proxy Statement. If elected to the Board of Directors by the shareholders of the Company, Mr. Griffith would serve until the Company's 2026 Annual Meeting and until his successor has been elected and qualified, or until his earlier death, resignation or removal, and would not serve on any committee of the Board of Directors. See Item 1—Business—Information About Our Executive Officers, for more information about Mr. Griffith's business experience.

Other than existing compensatory arrangements between Mr. Griffith and the Company as described in the Company's 2024 Proxy Statement, in connection with his succession: (i) there are no arrangements or understandings between Mr. Griffith and any other person pursuant to which Mr. Griffith was designated or nominated to serve in his new roles, (ii) no material plan, contract or arrangement has been entered into with Mr. Griffith, and no such plan, contract or arrangement with Mr. Griffith has been materially amended, and (iii) no grant of any award to Mr. Griffith or modification of an existing award has been made. Mr. Griffith does not have any family relationship with any director or other executive officer of the Company, or any person nominated or chosen by the Company to become a director or executive officer, and does not have any direct or indirect material interest in any transaction in which the Company is or is to be a participant and which would require reporting under Item 404(a) of Regulation S-K.

In connection with Ms. Hardwick's retirement, the ED&CC recommended, based on the advice of its independent compensation consultant, and the independent members of the Board of Directors approved, in addition to Ms. Hardwick's customary executive compensation for 2025 (which was consistent with her executive compensation for 2024), a discretionary cash payment to Ms. Hardwick of $800,000, less all applicable withholdings and deductions, in recognition of her outstanding service and performance in the role as Chief Executive Officer.

Board of Directors Committee Changes

As part of its annual 2025 committee review process and to appropriately distribute director responsibilities, on February 19, 2025, the Board of Directors, upon the recommendation of the Nominating Committee, appointed director Stuart M. McGuigan to serve on the ED&CC and the SETO Committee, and determined that director Patricia L. Kampling will no longer serve on the SETO Committee, each of which actions took effect immediately.

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2024, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains an Insider Trading and Prohibited Transactions Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the policy and practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading and Prohibited Transactions Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2025 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, establishing the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.8	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.9	Officers' Certificate, dated August 13, 2015, providing for a further issuance of the 3.400% Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.10	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.11	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.12	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.13	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.14	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).

Exhibit Number	Exhibit Description
4.15	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.16	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.17	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.18	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.19	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.20	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.21	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.22	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.23	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.24	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (filed herewith).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3*	Offer Letter for Employment, dated as of August 1, 2024, between American Water Works Company, Inc. and M. Susan Hardwick (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.4*	Offer Letter for Employment, dated February 16, 2021, between American Water Works Company, Inc. and Cheryl Norton (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.5*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.6*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.7*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.8*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (filed herewith).
10.9*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.10*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.11.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.11.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19, 2019).

Exhibit Number	Exhibit Description
10.12*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, dated as of March 1, 2007 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.13.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.13.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.14*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.15.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.15.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2017 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2017).
10.15.3*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2014 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 6, 2014).
10.15.4*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.16.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.16.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Restricted Stock Unit Grant.(incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.5*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 3, 2021).
10.16.6*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.10*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (filed herewith).
10.16.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.16.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.16.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.16.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-2 (incorporated by reference to Exhibit 10.14 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.16.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.16.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.16.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.16.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).

Exhibit Number	Exhibit Description
10.16.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.25*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.16.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (filed herewith).
10.16.30*	Amendments to Forms of 2023 and 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (filed herewith).
10.16.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.16.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 31, 2024).
10.17*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.18*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.19.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.19.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.19.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.20.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.20.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.20.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (filed herewith).
10.21	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective April 26, 2023 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document

Exhibit Number	Exhibit Description
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.20.1, Exhibit 10.20.2 and Exhibit 10.20.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of February, 2025.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 19th day of February, 2025, by the following persons in the capacities indicated.

/s/ M. SUSAN HARDWICK	/s/ JEFFREY N. EDWARDS
M. Susan Hardwick **Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ MARTHA CLARK GOSS
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Martha Clark Goss** **(Director)**
/s/ MELISSA K. WIKLE	/s/ KIMBERLY J. HARRIS
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Kimberly J. Harris** **(Director)**
/s/ LAURIE P. HAVANEC	/s/ JULIA L. JOHNSON
Laurie P. Havanec **(Director)**	**Julia L. Johnson** **(Director)**
/s/ PATRICIA L. KAMPLING	/s/ KARL F. KURZ
Patricia L. Kampling **(Director)**	**Karl F. Kurz** **(Board Chair)**
/s/ MICHAEL L. MARBERRY	/s/ STUART M. McGUIGAN
Michael L. Marberry **(Director)**	**Stuart M. McGuigan** **(Director)**

Exhibit 4.25

DESCRIPTION OF AMERICAN WATER WORKS COMPANY, INC.'S EQUITY SECURITIES

The following description of the common stock, par value $0.01 per share (the "Common Stock"), of American Water Works Company, Inc., a Delaware corporation (the "Company"), is not intended to be complete. For more information regarding the Common Stock, please refer to the Company's Restated Certificate of Incorporation (the "Certificate of Incorporation"), and the Company's Amended and Restated Bylaws (the "Bylaws"), which have been included as Exhibit 3.1 and Exhibit 3.2, respectively, to the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The following descriptions are based on the Certificate of Incorporation and Bylaws in effect as of February 19, 2025. The terms and provisions of the Certificate of Incorporation and Bylaws are hereby incorporated by reference herein. The terms of these securities also may be affected by the General Corporation Law of the State of Delaware (the "DGCL").

General

The Company's authorized capital stock consists of 500,000,000 shares of Common Stock and 50,000,000 shares of preferred stock. As of February 10, 2025, there were 194,947,313 shares of Common Stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights

Other than with respect to director elections, except as otherwise required by law, all matters to be voted on by the Company's shareholders must be approved by a majority of the shares present in person or proxy at such meeting and entitled to vote on the subject matter. With respect to uncontested director elections, the Bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast (for this purpose, a majority of the votes cast means that the number of shares voted "for" a director nominee must exceed the number of votes cast "against" that nominee). For contested director elections where the number of nominees exceeds the number of directors to be elected, the Bylaws require that the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Dividends

Holders of Common Stock will share equally in any dividend declared by the Company's board of directors (the "Board"), subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, holders of the Common Stock would be entitled, after payment of the liquidation preference to all holders of any outstanding preferred stock, to share ratably in the Company's assets that are legally available for distribution to shareholders after payment of liabilities. The Company must pay the applicable distribution to any holders of its preferred stock before it may pay distributions to the holders of its common stock.

Other Rights

The Company's shareholders have no preemptive or other rights to subscribe for additional shares.

Preferred Stock

The Board may authorize the issuance of preferred stock from time to time in one or more series, without shareholder approval. Subject to the limits imposed by the DGCL, the Board is authorized to fix for any series of preferred stock the number of shares of such series and the voting powers (if any), designation, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series. The Board is also authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the Company's shareholders.

The Board may authorize the issuance of preferred stock with voting or conversion rights that affect adversely the voting power or other rights of holders of Common Stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of delaying, deferring or preventing a change in control, causing the market price of shares of the Common Stock to decline, or impairing the voting and other rights of the holders of the Common Stock.

Certain Anti-Takeover Provisions of the Certificate of Incorporation and Bylaws, and the DGCL

The following provisions of the Certificate of Incorporation and Bylaws could deter, delay or prevent a third party from acquiring the Company, even if doing so would benefit the Company's shareholders.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock makes it possible for the Board to authorize the issuance of preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire the Company. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the Company.

Requirements for Advance Notification of Shareholder Meetings, Nominations and Proposals

The Bylaws provide that special meetings of shareholders may be called only upon the request of the majority of the members of the Board, upon request of the Company's Board Chair, or by the Company's Secretary upon request of shareholders holding at least 15% of the outstanding Common Stock. The Bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

The Bylaws establish advance notice procedures with respect to shareholder proposals for annual meetings and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee thereof. A shareholder who wishes to bring a matter before a meeting or submit candidates for nomination as directors must comply with the Company's advance notice requirements and provide the Company with certain information, and, if applicable under the Bylaws, provide to the Company certain agreements and undertakings. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the members of the Board then in office, even though less than a quorum, or by shareholders. These provisions may defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of the Company.

Shareholder Action by Written Consent

As permitted by Section 228 of the DGCL, the Certificate of Incorporation states that any action required or permitted to be taken by the Company's shareholders must be effected at a duly called annual or special meeting of the Company's shareholders and may not be effected by consent in writing by such shareholders.

Approval of Acquisition of Control by Public Utility Commission

A significant number of the Company's regulated subsidiaries are subject to economic regulation by state public utility commissions. Some of these states have enacted laws that require regulatory approval for the acquisition of "control" of any regulated utility. In those states, obtaining "control" of the parent or any other company that controls a regulated utility also requires prior regulatory approval. The threshold for a change in control is a fact-specific inquiry that varies by state. For example, in some states, a presumption of control will arise when an acquiring party acquires more than 9.9% of the voting securities of the regulated utility or the controlling entity. In addition to ownership, other states may analyze the degree of influence or control an acquiror may exert over the Company. Any person acquiring the Common Stock in an offering or in any other purchase of the Common Stock in an amount sufficient to trigger a change in control under state law would need the prior approval of the applicable state public utility commission.

Certain Other Provisions of the Certificate of Incorporation and Bylaws and the DGCL

Board of Directors

The Certificate of Incorporation provides that the number of directors is fixed in the manner provided in the Bylaws. The Bylaws provide that the number of directors will be fixed from time to time by the Board.

Business Combinations under the DGCL

The Company is subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the shareholder became an "interested stockholder," subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the shareholder becoming an "interested stockholder." "Business combinations" include mergers, asset sales and other transactions

resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

Limitations of Liability and Indemnification of Directors and Officers

The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties. The Company's Certificate of Incorporation includes a provision that eliminates the personal liability of directors (but not officers) for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL. The DGCL does not permit exculpation for liability:

- for breach of the duty of loyalty;
- for acts or omissions not in good faith or involving intentional misconduct or knowing violation of law;
- under Section 174 of the DGCL (relating to unlawful dividends or stock repurchases); or
- for transactions from which the director or officer derived an improper personal benefit.

The Certificate of Incorporation and Bylaws provide that the Company will indemnify its directors and officers to the fullest extent permitted by law. The Bylaws also expressly authorize the Company to carry directors' and officers' insurance providing indemnification for the Company's directors, officers and certain employees and agents for certain liabilities, and the Company has done so.

The limitation of liability and indemnification provisions in the Certificate of Incorporation and Bylaws may discourage shareholders from bringing a lawsuit against the Company's directors or officers for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against the Company's directors and officers, even though such an action, if successful, might otherwise benefit the Company and its shareholders. In addition, an investment in the Common Stock may be adversely affected to the extent the Company pays the costs of settlement and damage awards against directors and officers in accordance with these indemnification provisions.

Proxy Access

The Bylaws permit an eligible shareholder or group of shareholders to include up to a specified number of director nominees in the Company's proxy materials for an annual meeting of shareholders. To qualify, the shareholders (or group of up to 20 shareholders) must have continuously owned for at least three years 3% or more of the Common Stock. The maximum number of shareholder nominees permitted under this proxy access provision is the greater of (i) two or (ii) 20% of the total number of directors on the Board as of the last day on which a proxy access notice may be submitted, rounded down to the nearest whole number.

Transfer Agent and Registrar

Equiniti Trust Company, LLC serves as the registrar and transfer agent for the Common Stock.

New York Stock Exchange Symbol

The Common Stock is listed on the New York Stock Exchange under the trading symbol "AWK."

Exhibit 10.8

November 1, 2024

Ms. Maureen Duffy
[REDACTED]
[REDACTED]

Dear Maureen:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Executive Vice President, Communications and External Affairs reporting to John Griffith, President, at our Camden, New Jersey headquarters office. The effective date of your new position is November 1, 2024. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Safety, trust, teamwork, high performance, and environmental leadership define our culture – a culture where every employee feels valued and lives up to his or her potential. Creating an environment where differences are embraced and where every person feels engaged and included makes us safer, stronger, and more successful. We believe that our success is based upon our employees having a vested interest in our business. As a part of our team, you will be tasked with helping make a great company even better – in doing so, you will be rewarded for your contributions. The following is our offer to you:

Base Salary: Your new annual salary will be approximately $465,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective November 1, 2024. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: Your target award eligibility previously at 50% will change to 60% of your annual base salary. For reference purposes, the 2024 cycle covers the period beginning on 01/01/2024 through 12/31/2024 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to receive a performance award under the 2024 American Water Long Term Performance Plan and your target opportunity under this plan will increase to 120% of your base salary. Effective November 1, 2024, you will receive a second set of grants that reflects the prorated difference between your February 2024 grants and the grant amount based on your new base salary and LTPP target percentage.

For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the "Plan"), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.).

In addition to the benefits you currently hold, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Plans: You will remain eligible to participate in our Non-Qualified Deferred Compensation Plan and Executive Retirement Plan. Under the Non-Qualified Deferred Compensation Plan, the Company may make employer matching contributions as soon as administratively practicable after the end of the applicable plan year.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and will be an eligible participant under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As you will be a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in an SEC filing. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

M. Susan Hardwick
Chief Executive Officer
American Water

cc: Melanie Kennedy, Executive Vice President, Chief Human Resources Officer

I, Maureen Duffy, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

__/s/ MAUREEN DUFFY_____10/30/24_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confidentiality Policy and Agreement ("Confidentiality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confidential and propriety information and trade secrets. You acknowledge and agree that you are signing this Confidentiality Agreement for good and adequate consideration including your employment by or continuing employment by American Water or one of its subsidiaries (collectively, the "Company"); the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and the Company's willingness to provide you with valuable opportunities, consideration and/or benefits. You further acknowledge that this Confidentially Agreement is in addition to existing American Water policies addressing the handling of sensitive information, cyber and information security.

The Company's Confidentiality Policy

The protection of confidential business information and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confidential information including, without limitation: all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer-related data, marketing plans and strategies, financial information, technical information, technical processes and methods, algorithms, documents relating to any of the foregoing, and other written and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collectively, "Confidential Information"). Confidential Information includes all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if -- (A) the Company has taken reasonable measures to keep such information secret; and (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information. Confidential Information may also be "material, non-public information" as defined by federal securities laws and Company policy, both of which prohibit insider trading. Confidential Information may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analytic models. Confidential Information is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confidential Information must be protected as confidential and not copied, disclosed or used, directly or indirectly, at any time, other than for the Company's benefit (to the extent permitted by law), unless and until such knowledge or information is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such entities who need to know), publish or make use of any Confidential Information without the Company's express prior written consent; provided, however, that nothing shall prohibit or restrict an employee from participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, or any self-regulatory organization (collectively, the "Regulators"). Employees may engage in such activities with the Regulators without notifying or obtaining prior authorization from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confidential or proprietary information as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confidential Information to his or her attorney and may use the trade secret or Confidential Information in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confidential Information at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confidential Information except as required by court order.

Following the cessation of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confidential Information, and they shall not misappropriate, utilize, disclose or infringe upon the Confidential Information of the Company or any of its affiliates (including the recreation or reconstruction of Confidential Information from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confidential or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composition or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in writing. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confidential Information would not interrupt the legitimate business operations of the employee; and (iii) an injunction would not prevent the employee from entering into an employment relationship. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpretation, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with questions regarding this Confidentiality Agreement or the Company's Confidentiality Policy including questions regarding whether any particular information constitutes "Confidential Information," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confidential Information may be subject to disciplinary action, up to and including termination of employment, as well as legal action, even if the employee does not actually benefit from the disclosed information.

You acknowledge that you (a) have carefully read and considered the provisions of this Confidentiality Agreement and the Company's Confidentiality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confidentiality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

_/s/ MAUREEN DUFFY_____
Employee Signature

_Maureen Duffy_____
Employee Name (Print)

_10/30/24_____
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inventions you may make or works you may create in connection with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collectively, the "Company") and your treatment of the Company's confidential and proprietary information. You acknowledge and agree that you are signing this Agreement for good and adequate consideration including (a) your employment by or continuing employment by the Company; (b) the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportunities, consideration and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inventions" means any and all inventions, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or portions thereof, databases, trade secrets and proprietary information, documentation, and materials made, created, conceived or reduced to practice by you, whether alone or jointly with others.

a. Your Rights in Inventions

(i) Prior Inventions. In the space provided below, or on a separate sheet attached to this Agreement, you may list all Inventions (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or title in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inventions"). If you do list such Prior Inventions, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Invention that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementation of that portion of the AWIP Product which infringes your Prior Invention, or (ii) you acquiesced or permitted other Company employees to utilize your Prior Invention in the course of their development or implementation of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Invention you do not immediately notify in writing the Company's Legal Department of the Company's infringing use of your Prior Invention and the need for a license thereto. If you do not list a Prior Invention, you acknowledge and agree that no such Prior Inventions exist and, to the extent such Prior Inventions do exist, you waive any and all rights or claims of ownership to such Prior Inventions. You understand that your listing of any Prior Invention(s) here does not constitute an acknowledgment by the Company of the existence or extent of such Prior Invention, nor of your ownership of such Prior Inventions. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distributing.

Prior Inventions (description and identifying number of patent, copyright, or patent or copyright application, if applicable):

Title Date

Brief Description of Invention

ð A separate sheet listing Prior Inventions is attached.

(ii) Future Employee inventions. The Company acknowledges and agrees, in accordance with applicable state law, that any Inventions (a) that you develop entirely on your own time; and (b) that you develop without using the Company's equipment, supplies, facilities, or trade secret information; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the time of conception or reduction to practice, to the Company's business or products, or to the Company's actual or demonstrably anticipated research or development, will be owned entirely by you, even if developed by you during the time period in which you are employed by the Company.

b. AWIP's Rights In Inventions

(i) Assignment of Inventions to AWIP. You agree that all Inventions that (a) are developed using the equipment, supplies, facilities, or Proprietary Information of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to practice during your employment by the Company and relate to the business and products, or to the actual or demonstrably anticipated research or development of the Company ("AWIP Inventions"), are the sole and exclusive property of AWIP, and you hereby assign all your right, title and interest in such AWIP Inventions to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full written disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inventions, and provide access to all notes, materials, source code, or other items related to AWIP Inventions.

(iii) Assignment of Moral Rights to AWIP. In addition, to the extent permitted by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Invention(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of attribution (give credit to the author); and (2) the right of integrity in the AWIP Invention (not do something with an AWIP Invention, such as change or add to it, that would have a negative impact on the author's reputation). You agree to waive and never to assert any such "moral" rights in AWIP Inventions during or after the cessation of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inventions when distributed. You also agree that the Company retains sole discretion with regard to how and for what purposes, if any, such AWIP Invention(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, title and interest, including all intellectual property in and to works.

d. Protection of AWIP Inventions

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protections for AWIP Inventions in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protections.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a relationship of confidence and trust with respect to any information of a confidential, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confidential information of third parties disclosed to the Company. Such confidential, proprietary, and secret information includes, but is not limited to, information and material relating to past, present, or future Inventions, marketing plans, manufacturing and product plans, technical specifications, hardware designs and prototypes, business strategies, financial information, forecasts, personnel information, processes, methods, algorithms, and customer lists, and is referred to collectively in this Agreement as "Proprietary Information."

a. Confidentiality of Proprietary Information. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Information in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Information without the written consent of the Company, except as necessary to perform your duties as an employee of the Company. Upon the cessation of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored information, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored information, materials or copies thereof, or maintain access to such documents, information or materials, through online digital storage services, whether on paper, electronic media or storage devices, magnetic or optical media, or any other medium, containing any Proprietary Information.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Information of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confidential, or proprietary, or secret information of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confidential, proprietary or secret information of your former employer(s) or any other person(s) onto the Company's property or place any such information on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflicting Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupations, consulting or other business activities or commitments competitive with or directly related to the Company's business or products, or to its actual or demonstrably anticipated research or development, nor will you engage in any other activities that conflict with your employment obligations to the Company. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflicting Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your duties as a Company employee or your obligations under this Agreement, and you agree not to enter into any such conflicting agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to notify others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibilities under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory position, except for employees in a supervisory position in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessation of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any action intended to induce Company employees or contractors to terminate their relationship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to continued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of time or interferes with or restricts your right or the Company's right to terminate your employment at any time for any reason and with or without notice, or the Company's right to terminate your employment for just cause in accordance with the applicable collective bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sections 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sections 1, 2 or 4 of this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addition to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall continue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitration or judicial action between the parties relating to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdiction of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representatives, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obligations hereunder to any successor entity to the Company by operation of law or otherwise.

d. Entire Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the entire agreement between you and the Company relating to the subject matter of this Agreement. No modification to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both you and a Company officer. Any subsequent changes in your duties, salary or compensation will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regulations of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

_/s/ MAUREEN DUFFY_____ __10/30/24_____
Employee Signature Date

_Maureen Duffy_____
Employee Name (Print)

Exhibit 10.16.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2023 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2024	1/3
January 31, 2025	1/3
January 31, 2026	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2026, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2026, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2026, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2026, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph

3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2026, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a)

above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

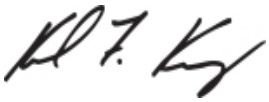
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.16.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2024 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2025	1/3
January 31, 2026	1/3
January 31, 2027	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2027, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2027, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2027, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant,

"Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2027, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this

Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by

the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

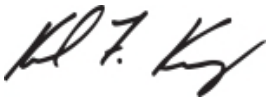
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.16.21

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2023 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2022, and December 31, 2025, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{\text{(Dividend Adjusted Ending Stock Price – Dividend Adjusted Initial Stock Price)}}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2023 and ending December 31, 2025, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the

number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2024, but prior to January 31, 2025; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2026. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2024 or a Change of Control, the Participant's employment or service with the

Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2026 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2023 LTPP, complete

the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York

Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither

shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

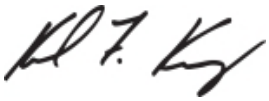
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.16.23

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 14, 2023 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2023 Long Term Performance Plan ("2023 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of three separate grants: a restricted stock unit and two performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2023 LTPP and to grant the Participant an Equity Award under the 2023 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2023 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2023 and ending December 31, 2025.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2024, but prior to January 31, 2025; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2026. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2024 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2026 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2023 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or recoupment policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

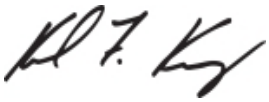
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET
AND CALCULATION HERE]

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific

assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2023, and December 31, 2026, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$TSR = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number

of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the

Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is

and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made

pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

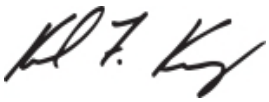
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.16.27

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax

liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

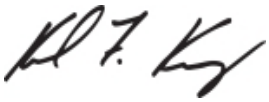
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.16.29

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 13, 2024 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2024 Long Term Performance Plan ("2024 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2024 LTPP and to grant the Participant an Equity Award under the 2024 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2024 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2024 and ending December 31, 2026.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2025, but prior to January 31, 2026; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2027. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2025 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2027 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2024 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax

liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

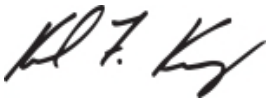
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

AMENDMENT TO FORMS OF 2023 AND 2024 LONG-TERM PERFORMANCE PLAN GRANT DOCUMENTS FOR MAUREEN DUFFY, MELANIE M. KENNEDY AND STACY A. MITCHELL

Effective December 6, 2024, Section 15 of the grant documents for the 2023 and 2024 Restricted Stock Unit Grants has been amended for each of the above-referenced executive officers of American Water Works Company, Inc., as follows:

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may~~, at the Committee's discretion,~~ be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles ~~minimum applicable withholding tax rate for federal (including FICA), state, local and other tax liabilities~~.

Effective December 6, 2024, Section 16 of the 2023 Performance Stock Unit Grant Forms A1 and B1, and the 2024 Performance Stock Unit Grant Forms A1, B1 and C1, has been amended for each of the above-referenced executive officers of American Water Works Company, Inc. as follows:

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may~~, at the Committee's discretion,~~ be satisfied by having shares of Company Stock withheld ~~up to an amount that does not exceed the minimum applicable withholding tax rate~~ for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

Execution Version

AMENDMENT NO. 2 TO SECURED SELLER NOTE AGREEMENT

This AMENDMENT NO. 2 TO SECURED SELLER NOTE AGREEMENT, dated as of December 3, 2024 (this "Amendment"), is entered into by and among Lakehouse BidCo Inc., a Delaware corporation ("Holdings"), Lakehouse Buyer Inc., a Delaware corporation (the "Borrower"), each Subsidiary Guarantor party hereto and American Water Enterprises, LLC, a Delaware limited liability company (the "Lender").

RECITALS

WHEREAS, the Borrower, Holdings, the Subsidiary Guarantors and the Lender have entered into that certain Secured Seller Note Agreement, dated as of December 9, 2021 (as supplemented by that certain Joinder Agreement, dated as of January 6, 2022, as modified by that certain Limited Waiver, dated as of April 27, 2022, as amended by that certain Amendment No. 1, dated as of February 2, 2024, and as further amended, extended, restated, amended and restated, replaced, supplemented or otherwise modified from time to time prior to the date hereof, the "Seller Note Agreement"; the Seller Note Agreement, as amended by this Amendment, the "Amended Seller Note Agreement");

WHEREAS, Section 8.02 of the Seller Note Agreement provides that Holdings, the Borrower and the Lender may amend provisions of the Seller Note Agreement pursuant to an agreement in writing; and

WHEREAS, the Borrower and Holdings have requested that the Lender consent to the amendments to the Seller Note Agreement as set forth in Section 2 below.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Holdings, the Borrower, the Subsidiary Guarantors and the Lender hereby agree as follows:

Section 1. Defined Terms; References. Unless otherwise specifically defined herein, each capitalized term used herein which is defined in the Amended Seller Note Agreement has the meaning assigned to such term in the Amended Seller Note Agreement. The rules of construction specified in Section 1.02 of the Amended Seller Note Agreement also apply to this Amendment.

Section 2. Amendment to the Seller Note Agreement.

Effective as of the Amendment No. 2 Effective Date, Section 6.01(r) of the Credit Agreement is hereby amended by replacing the reference to "$75,000,000" therein with "$100,000,000".

Section 3. Conditions to Effectiveness. This Amendment shall become effective as of the first date (the "Amendment No. 2 Effective Date") on which the following conditions have been satisfied or waived:

(a) The Lender (or its counsel) shall have received (i) from each Loan Party, either (A) a counterpart of this Amendment signed on behalf of such Loan Party or (B) written evidence satisfactory to the Lender (which may include facsimile or other electronic transmissions of signed signature pages) that such parties have signed counterparts of this Amendment, and (ii) an executed copy, dated as of the date hereof, of an amendment to that certain Revolving Credit Agreement, dated as of December 9, 2021, among the Borrower, Holdings, the subsidiaries of Holdings party thereto, Bank of America, N.A., as Administrative Agent and the lenders party thereto.

(b) The Borrower shall have paid all reasonable and documented out-of-pocket fees and expenses incurred in connection with this Amendment and the transactions contemplated hereby, including legal fees and expenses invoiced by Allen Overy Shearman Sterling US LLP (in its capacity as legal counsel to the Lender) at least two Business Days prior to the Amendment No. 2 Effective Date.

Section 4. Representations and Warranties. Each Loan Party represents and warrants to the Lender, as of the Amendment No. 2 Effective Date and after giving effect to this Amendment:

(a) each of the representations and warranties contained in the Loan Documents are true and correct in all material respects (provided that any representation or warranty that is qualified by materiality or Material Adverse Effect shall be true and correct in all respects) on and as of the Amendment No. 2 Effective Date, with the same effect as though made on and as of such date; except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any representation or warranty qualified by materiality or Material Adverse Effect, in all respects) on and as of such earlier date;

(b) the transactions contemplated by this Amendment are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders;

(c) this Amendment has been duly executed and delivered by each Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and to general principles of equity and principles of good faith and dealing;

(d) the execution and delivery of this Amendment by each Loan Party party hereto, the performance by such Loan Party hereof and the transactions contemplated by this Amendment (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (A) such as have been obtained or made and are in full force and effect, (B) for filings necessary to perfect Liens created pursuant to the Loan Documents and (C) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which could not be reasonably expected to have a Material Adverse Effect, (ii) will not violate (1) such Loan Party's Organizational Documents or (2) any Requirement of Law applicable to Holdings or the Borrower which, in the case of this clause (ii)(2), could reasonably be expected to have a Material Adverse Effect, and (iii) will not violate or result in a default under any material Contractual Obligation of any such Loan Parties which violation or default could reasonably be expected to result in a Material Adverse Effect;

(e) as of the Amendment No. 2 Effective Date, immediately prior to giving effect to this Amendment, (i) no Default or Event of Default has occurred and is continuing, and (ii) immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing;

(f) since the Closing Date, there has been no event or condition that has resulted, or would reasonably be expected to result, in a Material Adverse Effect;

(g) as of the Amendment No. 2 Effective Date, all information (other than (i) forecasts, financial estimates, other forward-looking information and/or (ii) projected information and information of a general economic or industry-specific nature) concerning Holdings and the Borrower that was prepared by or on behalf of Holdings or the Borrower or their respective representatives and made available to the Lender in connection with the transactions contemplated hereby on or before the Amendment No. 2 Effective Date, when taken as a whole, did not, when furnished, contain any untrue statement of a material fact or omit to state a material

fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time prior to the Amendment No. 2 Effective Date);

(h) as of the Amendment No. 2 Effective Date, immediately after giving effect to the transactions contemplated hereby, (i) the sum of the debt (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, does not exceed the fair value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, (ii) the present fair saleable value of the assets of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not less than the amount that will be required to pay the probable liabilities (including contingent liabilities) of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, on their debts as they become absolute and matured, (iii) the capital of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, is not unreasonably small in relation to the business of Holdings and its Subsidiaries, on a consolidated basis taken as a whole, contemplated as of the Amendment No. 2 Effective Date, and (iv) Holdings and its Subsidiaries, on a consolidated basis taken as a whole, do not intend to incur, or believe that they will incur, debts (including current obligations and contingent liabilities) beyond their ability to pay such debts as they mature in the ordinary course of business. For purposes of the foregoing determination, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability; and

(i) on the Amendment No. 2 Effective Date, not more than 25% of the value of the assets of Holdings, and its Subsidiaries, taken as a whole, is represented by Margin Stock.

Section 5. Further Acknowledgments.

(a) The Borrower acknowledges and agrees that (A) (i) it shall be liable for all Obligations (for the avoidance of doubt, after giving effect to the transactions contemplated hereby) with respect to the Loan provided hereby and (ii) all such Obligations shall be entitled to the benefits of the Collateral Documents and the Loan Guaranty, (B) after giving effect to this Amendment, the Collateral Documents continue to be in full force and effect and affirms and confirms the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and (C) the Obligations, together with all fees, costs, expenses and other charges due and owing by the Borrower to the Lender under the Loan Documents as of the date hereof are unconditionally owing by the Borrower to the Lender, without offset, defense or counterclaim of any kind, nature or description whatsoever.

(b) Each Loan Guarantor acknowledges and agrees to each of the provisions of this Amendment. Each Loan Guarantor acknowledges and agrees that after giving effect to this Amendment, the Loan Guaranty and the Collateral Documents continue to be in full force and effect and affirms and confirms its guarantee of the Obligations and the pledge of and/or grant of security interest in its assets as Collateral to secure the Obligations, which continue in full force and effect and shall accrue to the benefit of the Lender and shall not be affected, impaired or discharged hereby or by the transactions contemplated by this Amendment.

(c) Each of the Borrower and each Loan Guarantor hereby acknowledges and agrees that neither the modification of the Seller Note Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred.

Section 6. Governing Law. (a) THIS AMENDMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AMENDMENT, WHETHER IN TORT, CONTRACT (AT LAW OR IN EQUITY) OR OTHERWISE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. SECTIONS 8.10 AND 8.11 OF THE SELLER NOTE AGREEMENT ARE HEREBY INCORPORATED *MUTATIS MUTANDIS* AND SHALL APPLY HERETO.

Section 7. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity and enforceability of the remaining provisions hereof and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8. Miscellaneous.

(a) This Amendment may be manually or electronically executed in counterparts (and by different parties hereto on different counterparts (including by facsimile or electronic transmission (including .pdf file, .jpeg file, Adobe Sign, or DocuSign))), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment, the other Loan Documents and any separate letter agreements with respect to fees payable to the Lender constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Amendment shall become effective when it shall have been executed by Holdings, the Borrower, the other Subsidiaries of Holdings party hereto and the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or by email as a ".pdf" or ".tif" attachment shall be effective as delivery of a manually executed counterpart of this Amendment.

(b) The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. Effect of Amendment.

(a) Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of, the Lender under the Seller Note Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The parties hereto acknowledge and agree that this Amendment shall not constitute a novation of the Seller Note Agreement and the other Loan Documents as in effect prior to the Amendment No. 2 Effective Date or serve to effect a novation of the Obligations outstanding under the Seller Note Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect. Nothing herein shall be deemed to establish a precedent for purposes of

interpreting the provisions of the Seller Note Agreement or entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Seller Note Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply to and be effective only with respect to the provisions of the Seller Note Agreement and the other Loan Documents specifically referred to herein.

(b) On and after the First Amendment Effective Date, each reference in the Seller Note Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Seller Note Agreement, "thereunder", "thereof", "therein" or words of like import in any other Loan Document, shall be deemed a reference to the Amended Seller Note Agreement. This Amendment shall constitute a "Loan Document" for all purposes of the Seller Note Agreement and the other Loan Documents.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their officers as of the date first above written.

LAKEHOUSE BIDCO INC.,
as Holdings

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

LAKEHOUSE BUYER INC.,
as the Borrower

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

PIVOTAL HOME SOLUTIONS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES HOLDINGS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF TEXAS, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

AMERICAN WATER RESOURCES OF FLORIDA, LLC,
as a Subsidiary Guarantor

By: /s/ JOSHUA COHEN
Name: Joshua Cohen
Title: Chief Financial Officer

[Signature Page to Amendment No. 2]

AMERICAN WATER ENTERPRISES, LLC, as the Lender
By: AMERICAN WATER WORKS COMPANY, INC., its sole member

By: /s/ DAVID M. BOWLER
Name: David M. Bowler
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Amendment No. 2]

Exhibit 19.1

POLICY DOCUMENT

Insider Trading and Prohibited Transactions Policy

Policy Number: POL-LEG01

Applicability: American Water Works Company, Inc. and its subsidiaries

Effective Date: 12/1/2024

ELT Sponsor: Executive Vice President and General Counsel

Document Author: Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Policy governs securities trading and transactions and the confidentiality of material, non-public information related to the Company. This Policy has been adopted by the Company's Board of Directors to promote compliance with Securities Laws that prohibit trading in securities on the basis of material non-public information.

This Policy applies to transactions in Company Securities and Derivative Securities. The Policy also applies to transactions in Other Securities of an entity other than the Company, when (i) a Covered Person is aware of material, non-public information regarding that entity and (ii) the information is obtained through the Company or by virtue of a person's employment or other relationship with the Company.

It is important that all Covered Persons review the Policy carefully and periodically. Noncompliance with the Policy is grounds for immediate sanctions, including but not limited to termination of employment or service. Trading on the basis of material non-public information is also a serious violation of Securities Laws, leading potentially to both civil and criminal penalties.

Section X contains a list of definitions for capitalized terms used in this Policy.

II. POLICY STATEMENT

All persons or entities subject to this Policy have ethical and legal obligations to (i) maintain the confidentiality of information about the Company and (ii) not engage in Covered Transactions while aware of material non-public information at the time of the transaction. In all cases, the responsibility for determining whether a person or entity is aware of material non-public information rests with that person or entity.

Furthermore, the Policy prohibits certain other transactions, called "Prohibited Transactions", that tend to focus on short-term profit or loss, rather than the long-term success of the Company. By eliminating Prohibited Transactions, the Company seeks to align the interests of Covered Persons with the Company's business strategy and the Company's long-term shareholders. These transactions are prohibited even in circumstances where a Covered Person may not be aware of any material non-public information.

Except as specifically noted herein, there are no exceptions to this Policy.

III. THE INSIDER TRADING POLICY

A. Who is Covered by the Policy?

This Policy applies to all Covered Persons, and to Family Members and Controlled Entities of Covered Persons, as further described below. Each Covered Person is individually responsible for complying with this Policy. A Covered Person is also responsible for transactions of the Covered Person's Family Members and Controlled Entities. For the purposes of this Policy and the Securities Laws, each Covered Person should treat all transactions by Family Members or Controlled Entities as if the transactions were for the Covered Person's own account. Therefore, a Covered Person must make their Family Members

aware of the need to communicate with the Covered Person before a Family Member or any related Controlled Entity engages in a transaction covered by this Policy.

A Covered Person may continue to be subject to the Policy after the end of employment or service with the Company. If a Covered Person is aware of material non-public information when employment or service with the Company ends for any reason, the Covered Person (including Family Members and Controlled Entities) may not engage in Covered Transactions (as described in Section III.D of this Policy) until that information has become public or is no longer material. A determination as to whether, and for how long, a Covered Person may remain as such following such person's resignation, retirement or termination of service from the Company, may be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer in appropriate circumstances.

B. What is Material Information?

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell Company Securities, Derivative Securities or Other Securities. Any information that could reasonably be expected to affect the price of these securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data. Materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. The broadest interpretation should be given as to whether information is material, and it is important to review the information in context of other existing information and other surrounding facts and circumstances. The following is an illustrative list of information that could be regarded as material:

- Quarterly and annual earnings or losses and other similar financial information
- Earnings guidance or projections about earnings or other financial information, including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- Significant events associated with regulatory proceedings involving the Company's utility subsidiaries, including, without limitation, the initiation, termination and resolution of such proceedings;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related person transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation or investigations, including the resolution of or other significant developments with respect to any litigation or investigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption of or to the Company's operations;
- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

When in doubt as to the materiality of any non-public information, a Covered Person should refrain from entering into any transaction and consult with their manager or supervisor, or the Chief SEC Counsel.

If a manager discloses material non-public information to other persons, the manager must let them know that they are prohibited from engaging in transactions, except as permitted by this Policy or the Personal

Securities Trading and Preclearance Practice, until such time as the information is no longer material or has been publicly disclosed by the Company, as explained in Section III.C. below.

C. When is Information Considered Public?

Information that has not been broadly disclosed to investors and the trading markets is generally considered to be non-public information. For information to be publicly disclosed, information must have been broadly disseminated to investors and sufficient time given for the trading markets to process and absorb that information.

Information generally would be considered broadly disseminated if it has been disclosed through:

- a filing with the SEC, such as a Form 8-K or other report;
- a press release issued via a national newswire service;
- a broadcast on a broadly-available radio or television program; or
- publication in a newspaper or magazine with significant circulation (such as *The Wall Street Journal*).

By contrast, information would likely not be considered broadly disseminated if it is available only to the Company's employees or if it is only available to a select group of third parties. For example, disclosures made in regulatory proceedings, such as testimony given or briefs filed in rate cases, or in litigation proceedings, may be considered non-public for purposes of this Policy even though the information may no longer be viewed as confidential. Depending on the specific facts and circumstances, information on the Company's or another web site may or may not be broadly disseminated; thus, such information should not be viewed as publicly disclosed for purposes of this Policy unless determined otherwise by the Chief SEC Counsel after consultation with the General Counsel and/or Chief Financial Officer.

Once information is broadly disseminated, it is necessary to allow sufficient time for the investing public to absorb the information. As a general rule, and while specific facts may require or permit reaching a different conclusion, information should be considered absorbed by the marketplace when two full trading days have elapsed after the information is broadly disseminated.

Questions as to whether information may be considered public should be discussed with the Chief SEC Counsel.

D. What is a Covered Transaction?

The Policy applies to any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy (these are collectively referred to in this Policy as "Covered Transactions"). Issuers of Other Securities may be other companies or entities with which the Company does business, such as a customer, vendor, contractor or supplier of the Company.

For purposes of this Policy, a Covered Transaction includes transactions even when nothing is received in exchange for the security, and regardless of whether the transaction is effected in the open market or in a privately-negotiated transaction.

The following are illustrative examples of Covered Transactions:

- ordinary open-market purchase and sales;
- gifts of securities;
- transfers or contributions of securities to a trust or other entity;
- private sales or transfers of securities, effected other than through a broker or a securities market;
- transfers among family members or other related parties;
- reorganizations of entities that own securities;
- transfers following death or incident to the divorce of the owner;
- transfers that may be required by a legal process, or a court or administrative order.

E. What Trading and Disclosure Activities are Prohibited by the Policy?

No Covered Person, Family Member or Controlled Entity who is aware of material non-public information may, directly or indirectly (including indirectly through Family Members, Controlled Entities or other persons who may not be aware of such information):

- engage in any Covered Transaction in Company Securities or Derivative Securities, except through a Rule 10b5-1 plan approved as provided in this Policy;
- engaged in any Covered Transaction in Other Securities when aware of material non-public information about the other company;
- advise others, generally or specifically, concerning a Covered Transaction;
- disclose material non-public information (also called "tipping") to persons within or outside the Company to any person who does not have a "need to know" that information, except for disclosures made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
- assist anyone in taking any of the foregoing actions.

These prohibitions remain in effect until the material non-public information is fully disclosed and broadly disseminated to the public, or until the information, although not disclosed, ceases to be material. For example, knowledge about an impending potential acquisition would no longer be material if the parties ultimately determine not to enter into an acquisition agreement.

F. Special Situations: Transactions under Company Plans

Transactions involving Company Securities and Derivative Securities under certain of the Company's benefit and other plans are subject to the following rules:

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Stock option exercises	the exercise of a Derivative Security, such as a stock option, acquired pursuant to a Company equity compensation plan; or any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements.	Any sale of Company Securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option.
Equity compensation plan awards	the granting or vesting of Derivative Securities or Company Securities that are awards (including options, restricted stock units, performance stock units or shares of common stock) under any Company equity compensation plan that has been approved by the Company's stockholders; or any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements, if effected in compliance with the terms of a Company equity compensation plan or award.	Any simultaneous or subsequent sale of Company Securities.

ESPP	any decision to enroll in the ESPP during an ESPP open enrollment period; any purchases of Company Securities through the ESPP resulting from a periodic contribution of money to the ESPP during a purchase period pursuant to a payroll contribution election; any changes in a payroll contribution election made in accordance with the terms of the ESPP; or any decision to terminate or suspend participation in the ESPP If the ESPP obtains Company Securities in open-market transactions rather than from the Company, enrollments in and changes in payroll contribution elections would become subject to the Policy. In this case, the Company would communicate this change to persons subject to the Policy.	Any sales of Company Securities purchased pursuant to the ESPP.
Dividend reinvestment plans and programs	An election to participate or terminate participation in American Water Stock Direct, the Company's direct stock purchase and dividend reinvestment plan (or any successor plan); purchases of Company Securities through American Water Stock Direct resulting solely from the automatic reinvestment of dividends paid on the Company's Securities; or purchases of Company Securities resulting solely from the automatic reinvestment of dividends paid on the Company's Securities pursuant to any dividend reinvestment program, plan or feature offered by a third-party broker or dealer (a "Broker DRP") that operates in a manner substantially similar to American Water Stock Direct. If Company Securities are provided to American Water Stock Direct in open-market transactions rather than directly from the Company, elections to participate in this plan would become subject to the Policy. In this case, the Company will communicate this change to persons subject to the Policy.	An election to participate or terminate participation in a Broker DRP; voluntary purchases of Company Securities resulting from additional contributions in American Water Stock Direct; or any sale of any Company Securities received through any reinvestment of dividends on Company Securities, whether through American Water Stock Direct, a Broker DRP or otherwise.
Other transactions with the Company	Any other purchase of Company Securities from the Company or sales of Company Securities to the Company	N/A

G. Rule 10b5-1 Plans

Under SEC Rule 10b5-1, a purchase or sale of a security will not be deemed to have been made on the basis of material non-public information if the person making the trade demonstrates that the trade was made pursuant to a binding agreement or written plan entered into or adopted at a time that the person was not aware of any material nonpublic information, and otherwise complies with all of the other requirements of such rule. As used in this Policy, a Rule 10b5-1 plan refers to a written plan (a) regarding the method for effecting future transactions in securities entered into or adopted at a time when the person is not aware of material non-public information and (b) that complies with all of the requirements of such rule. A person that effects a transaction pursuant to a valid and compliant Rule 10b5-1 plan may have a defense against a claim that the transaction violated the U.S. federal insider trading rules.

Transactions under a Rule 10b5-1 plan as defined above will not be subject to this Policy if all of the following conditions below are met:

- The Rule 10b5-1 plan must comply and be operated in accordance with all applicable legal requirements, including under the Federal securities laws.
- The Rule 10b5-1 plan must be entered into during an open trading window and when a person is not aware of material non-public information, and should not involve complex trading mechanisms.
- The Rule 10b5-1 plan may be amended or terminated only (a) when a person is not aware of material non-public information and (b) in accordance with all of the requirements of Rule 10b5-1.
- The transaction must comply with all of the terms and conditions of the Rule 10b5-1 plan.
- All applicable requirements in the Personal Securities and Trading Preclearance Practice with respect to Rule 10b5-1 plans and SEC reporting requirements must be met.
- The Rule 10b5-1 plan must be reviewed and approved by the Chief SEC Counsel prior to any effecting any transactions, except that with respect to the review of a Rule 10b5-1 plan for any director or executive officer, the Chief SEC Counsel will consult with the Chief Executive Officer, the Chief Financial Officer and the General Counsel, who will collectively confer and determine whether to approve the Rule 10b5-1 plan.

H. Mutual Funds

Transactions in securities issued by mutual funds, exchange-traded funds, index funds or other “broad basket” funds that own or hold Company Securities as one of many investments are not subject to this Policy.

IV. PROHIBITED TRANSACTIONS

Even in circumstances where a director, officer or employee is not aware of material non-public information, they (including Family Members and Controlled Entities) may not engage in Prohibited Transactions, each of which is described in more detail below. These include:

- Short sales and “short sales against the box”;
- Hedging transactions and other transactions in Derivative Securities; and
- Pledging and margin transactions

The ban on Prohibited Transactions seeks to focus directors, officers and employees on the long-term goals and prospects of the Company and to prevent them from being distracted by speculative trading in Company Securities or Derivative Securities. Also, the Company seeks to prevent such persons from limiting their investment risk in Company Securities.

The following is a brief description of each type of Prohibited Transaction:

- Short sales and “short sales against the box”: A short sale is generally a sale of a security that the seller does not own, with the plan to repurchase the security at a later time when the price is lower. A short-seller generally must borrow the security from its owner to deliver it to the purchaser. A “short sale against the box” is generally a short sale involving a security that the seller owns but does not deliver to the purchaser.

  A short seller of Company Securities or Derivative Securities can profit from the transaction only to the extent the price of the security decreases. Short sales may reduce a seller’s incentive to improve the Company’s performance. In addition, under the Securities Laws, it is unlawful for any of the Company’s directors or Section 16 officers to engage in short sales and certain “short sales against the box” of Company Securities or Derivative Securities.

  For these reasons, short sales and “short sales against the box” involving Company Securities and Derivative Securities by Company directors, officers and employees (and their Family Members and Controlled Entities) are prohibited.

- Hedging transactions: A hedging transaction with respect to a security is a transaction entered into for the purpose of reducing or eliminating the market price risk associated with the ownership of that security. A hedging transaction allows an investor to focus on short-term performance at the expense of long-term objectives.

  For example, if a person owns a Company Security, a hedging transaction can involve the purchase of a put option or the sale of a call option with respect to that security. Call options and put options allow the purchaser and the seller, in effect, to speculate in the price of the Company

Security and minimize the risk incurred if the price were to change. In this example, a call option is a Derivative Security that entitles the holder to purchase a Company Security at a specified price at any time before a future date. A put option is a Derivative Security that entitles the holder to sell a Company Security at a specified price at any time before a future date. Hedging transactions may include transactions involving combinations of call options and put options, sometimes described as “spreads” or “collars.”

Some additional examples of hedging transactions are:

- a current sale of the security for delivery in the future, either at a fixed price or at a price that can fluctuate;
- an agreement by the holder to exchange future investment results, such as dividends or market price changes, with respect to the security owned by such person for another fixed or variable investment return; or
- the deposit of securities owned in a so-called “exchange fund,” which also owns the securities deposited by a number of other participants, in exchange for an ownership interest in the fund, thereby diversifying the risk of the ownership of the securities.

Because hedging transactions can result in the misalignment between the ownership interest of the Company’s directors, officers and employees and those of the Company’s stockholders, no director, officer or employee (including Family Members or Controlled Entities) may engage in any of the transactions described above, in any purchase or sale of a Derivative Security, or in any other transaction of a similar nature (as determined by the Chief SEC Counsel, the General Counsel or the Chief Financial Officer) that has the effect of reducing or eliminating the investment risk associated with any Company Securities owned by such person.

To the extent they may be Derivative Securities, the granting, exercise, vesting and earning of awards issued under any of the Company’s equity compensation plans are not considered hedging transactions under this Policy; however, buying or selling any Derivative Security with respect to such securities is prohibited.

- Pledging and margin transactions: A pledge of Company Securities involves the offering of such securities to a lender as collateral for a loan. A margin of Company Securities involves the use of Company Securities in a margin account as collateral for an investment in securities.

  Any pledging or margining of Company Securities puts the shares of Company Securities at risk of sale if the loan is not repaid or if the value of securities subject to a pledge or held on margin decreases in value. For this reason, no director, officer or employee (including Family Members or Controlled Entities) may:

  - pledge Company Securities as collateral for a loan or other obligation (such as to cover overdrafts or shortfalls in another account);
  - use Company Securities as collateral in a margin account for a loan or for any other obligation in connection with the purchase of a security; or
  - engage in any other similar transaction that has the effect of using Company Securities as collateral or security for a loan or any other obligation.

  This prohibition applies whether the Company Securities have been acquired from the Company, in the open market or otherwise. However, this prohibition does not apply to any “cashless exercise” of a stock option issued under a Company equity compensation plan.

  Because the default terms of many brokerage agreements may permit shares held in brokerage accounts to be marginable or used to secure another obligation, brokers should be instructed that Company Securities held in any such account must not be subject to any pledge, security interest or margin. Further, Company Securities or Derivative Securities should not be held in an account that allows pledging of the securities in the account or the purchase of any securities on margin.

V. RELATED PRACTICES AND REQUIREMENTS

Personal Securities Trading and Preclearance Practice

The Personal Securities Trading and Preclearance Practice issued under this Policy contains provisions that govern the preclearance and trading of Company Securities. A violation of the Practice is considered a violation of the Policy. You should consult the Practice before engaging in any transaction involving Company Securities.

Stock Ownership Guidelines and Stock Retention Requirements

The Board of Directors has adopted the Executive Stock Ownership Guidelines and Executive Stock Retention Requirements for employees at specified levels and has adopted stock ownership requirements for members of the Board of Directors. Any preclearance request will consider compliance with these guidelines and requirements before approval. If you are covered by these guidelines or requirements, please consult with the Chief SEC Counsel or the relevant documentation for more information.

VI. NON-COMPLIANCE

The violation of any insider trading prohibition, including the purchase and sale of securities while aware of material non-public information or the disclosure of material non-public information to others who then trade in the Company's Securities, Derivative Securities or Other Securities, is prohibited by the Securities Laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as foreign authorities. Securities Laws may also impose liability on companies and other persons in positions of control if they fail to take reasonable steps to prevent insider trading by Company personnel. There are no minimum requirements on the size of the transaction that can trigger insider trading liability. Relatively small trades have in the past led to civil and criminal investigations, and lawsuits.

There are strict criminal and civil penalties under the U.S. securities laws for committing illegal insider trading:

- A criminal prosecution can result in a fine of up to $5 million and imprisonment for up to 20 years for each act.
- In a civil action brought by the SEC, a person who has been found to have engaged in insider trading, or of having communicated material non-public information to another person who engages in insider trading, can be held liable for a penalty up to three times the profit gained, or the loss avoided.
- The SEC has the authority to obtain a court order barring a director or officer who has engaged in insider trading from serving, either permanently or for a period of time, as a director or officer of any public company.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including but not limited to termination of employment or service for cause, whether or not the person's failure to comply results in a violation of law. A violation of law, or even an SEC investigation that does not result in a prosecution, can tarnish a company's or person's reputation and irreparably damage a career.

VII. STRATEGIC OBJECTIVES

This Policy addresses strategic objectives for compliance with applicable Securities Laws related to insider trading, and to protect the Company's reputation for integrity and ethical conduct.

VIII. MONITORING

The Chief SEC Counsel, together with the General Counsel and Chief Compliance Officer, should periodically review the efficacy of this Policy in addressing the strategic objectives described above.

IX. WAIVERS; MODIFICATIONS

Waivers or exceptions to this Policy may be made only be the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The General Counsel shall maintain all documentation related to waivers or exceptions to this Policy in accordance with applicable document retention policies. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

X. DEFINITIONS

The following definitions apply to this Policy:

- *The Company*: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require
- *Chief SEC Counsel*: The person having the title or serving in the role of the Chief SEC Counsel, or their designee, or, in the absence of the Chief SEC Counsel and designee, the General Counsel
- *Company Securities*: Equity securities (common stock) and debt securities (debentures, bonds and notes) of the Company
- *Controlled Entity*: any corporation, partnership, limited liability company, trust or other entity (whether for-profit or not-for-profit) that is influenced or controlled by any Covered Person, or any Family Member or another Controlled Entity of a Covered Person
- *Covered Persons*: all directors, officers, employees, consultants and independent contractors of the Company
- *Covered Transactions:* any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy
- *Derivative Securities*: Contracts or instruments that derive value from the price of a Company Security
- *ESPP:* The Company and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, as it may be amended from time to time, including any predecessor or successor plan.
- *Family Members* with respect to a Covered Person include any of the following:
    - A spouse, child (including a child away at college), stepchild, parent, stepparent, mother-in-law or father in-law, of such Covered Person
    - Any other relative or person who lives in the household of such Covered Person, other than a domestic employee or tenant
    - Any other person who does not live the household of such Covered Person but whose transactions in Company Securities, Derivative Securities or Other Securities may be directed by the Covered Person or over which the Covered Person has the power to influence or control (regardless of whether the Covered Person actually directs, influences or controls a transaction)
- *Other Securities*: Securities of an entity other than the Company
- *Prohibited Transactions*: transactions described in Section IV of this Policy
- *SEC*: the U.S. Securities and Exchange Commission
- *Securities Laws*: applicable U.S. Federal, state and foreign securities laws

XI. CONTACT INFORMATION

The Chief SEC Counsel acts as a resource with respect to questions regarding this Policy, and to interpret any of the provisions of this Policy with respect to specific facts and circumstances. Questions about this Policy or its application should be directed to the Chief SEC Counsel, or, in their absence, the Company's General Counsel or Chief Financial Officer.

POLICY DOCUMENT

Appendix – Summary of Policies & Practices Related to Insider Trading and Prohibited Transactions Policy

Policy	Related Practices
Insider Trading and Prohibited Transactions Policy	Personal Securities Trading and Preclearance Practice
	Executive Stock Ownership Guidelines and Stock Retention Requirements
Code of Ethics	

Exhibit 19.2

Personal Securities Trading and Preclearance Practice

Policy Number: PRA-LEG01/01

Effective Date: 04/26/2023

Applicability: American Water Works Company, Inc. and its subsidiaries

Executive Sponsor: Executive Vice President and General Counsel

Document Owner and Approver: Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Practice has been adopted in connection with the Insider Trading and Prohibited Transactions Policy and sets forth requirements with respect to limitations on and the preclearance of transactions governed by that Policy.

Section VIII contains a list of definitions covering capitalized terms used in this Practice. Other capitalized terms not otherwise defined in this Practice have the meanings given to them in the Policy.

II. SUMMARY

This Practice:

- establishes the use of trading windows and preclearance procedures with respect to transactions in Company Securities by members of the Preclearance Group;
- establishes certain practices with respect to Rule 10b5-1 plans; and
- describes SEC reporting requirements for Affiliates in connection with transactions in Company Securities.

III. TRADING WINDOWS

A member of the Preclearance Group may engage in transactions in Company Securities only during an open trading window. Covered transactions under the Policy are subject to this Practice. The Company maintains trading and other restrictions on accounts containing Company Securities related to the Company's equity plans, and may take additional actions deemed necessary or desirable to enforce the Policy and this Practice.

Opening of a Trading Window

A trading window generally opens at 9:30 a.m. ET on the trading day immediately following the expiration of two full trading days after the public release of the Company's earnings with respect to a completed fiscal period. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the opening of the trading window and, as noted below, in any changes to that opening date. Below are examples of the operation of this general rule with respect to the opening of the trading window:

Example 1: The Company releases for the first time its fiscal year-end earnings at 4:45 p.m. ET on Tuesday, February 21, 2017 (after the close of that day's trading). The trading window will open on Friday, February 24, 2017, at 9:30 a.m. ET.

Example 2: The Company releases for the first time its fiscal quarter earnings at 6:30 a.m. ET on Wednesday, May 3, 2017 (before the open of that day's trading). The trading window will open on Friday, May 5, 2017, at 9:30 a.m. ET.

Closing of a Trading Window

Once opened, a trading window generally closes at 4:00 p.m. ET on the later of (1) the second trading day of the last month of the fiscal quarter in which the trading window is opened, or (2) the fourth trading day after the trading window's opening day, unless it is closed earlier or as otherwise determined by the Company's General Counsel or the Company's Chief Financial Officer. Stated another way, unless closed earlier, the trading window will generally remain open for a minimum of five trading days. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the closing of the trading window and, as noted below, in any changes to the closing date. Below are examples of the operation of this general rule with respect to the closing of the trading window:

Example 1: If a trading window opens on Friday, February 24, 2017, at 9:30 a.m. ET, and assuming the window is not closed earlier, the trading window will close on Thursday, March 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (2) above.

Example 2: If a trading window opens on Friday, May 5, 2017, at 9:30 a.m. ET., and assuming the window is not closed earlier, the trading window will close on Friday, June 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (1) above.

Changes to Window Period Opening and Closing Dates

The Company may delay the opening of a trading window, determine not to open a trading window, or shorten or extend the length of any open trading window, at any time, and from time to time, if the Company believes that effecting transactions in Company Securities by any or all of the members of the Preclearance Group would be inappropriate or impermissible due to material developments at the Company or other developments that could become material. Any such decision will be made by the General Counsel or the Chief Financial Officer, in consultation with the Chief SEC Counsel.

If the opening of a trading window is delayed, the trading window would still close as described under "Closing of a Trading Window" above, unless it is extended.

The Chief SEC Counsel or their designee notifies Affiliates and Restricted Individuals regarding changes in the trading window opening and closing dates. However, the reason for the change may not be disclosed and, if the reason is known by an Affiliate or Restricted Individual, that person must not disclose the reason to any other person, except for disclosures permitted under the Company's Code of Ethics with respect to confidential information for persons who have a legitimate business reason to know the information. A trading window may not be opened, may close early, or may be extended, as to any or all of the members of the Preclearance Group.

IV. PRECLEARANCE PROCEDURES

All members of the Preclearance Group must preclear their transactions in Company Securities at any time, even during an open trading window. Preclearance means that, before the transaction may be effected, the transaction must be reviewed and approved by the Chief SEC Counsel, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer.

A request for preclearance should be submitted in writing by the Affiliate or Restricted Individual to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, to the General Counsel or Chief Financial Officer. Affiliates and Restricted Individuals will receive a notice that preclearance forms may be submitted, along with the proper preclearance form. A member of the Preclearance Group may not proceed with a transaction until notice of approval is received in writing (including by an email from the Company's stock plan administrator). Any such approval will be valid only until the closing of the trading window, unless notice is given otherwise.

A transaction may be disapproved for many reasons. If the transaction has been disapproved, the circumstances of that decision may be disclosed to the person requesting preclearance. Unless the requester has been permitted to do so, the requester may not discuss the reasons for disapproval with anyone else.

V. DESIGNATED RESTRICTED INDIVIDUALS

From time to time, the Company may determine to limit the ability of persons who are not Restricted Individuals, or to further limit the ability of Restricted Individuals, to engage in transactions in American Water securities. In each case, such persons will be referred to hereunder as "Designated Restricted Individuals," and such persons will be prohibited or restricted, in whole or in part, and on a temporary or permanent basis, from engaging in transactions in Company Securities, depending on the specific circumstances.

Example 1: Individuals who are not Restricted Individuals may receive non-public information about the Company's financial results on a conference call and are told that they cannot engage in transactions in Company Securities until two full trading days have elapsed after the information is disclosed publicly. Such persons shall be considered Designated Restricted Individuals for purposes of this Practice.

Example 2: Individuals, some of whom are Restricted Individuals, working on a significant pending acquisition may be instructed that they cannot engage in any transactions in Company Securities, including during any open window period, until further notice. Such Persons shall be considered Designated Restricted Individuals for purpose of this Practice.

To the extent that instructions are given to a person who is already a Restricted Individual, and the Restricted Person is told to restrict transactions in Company Securities beyond the restrictions contained in this Practice, the Designated Restricted Individual must comply with those stricter restrictions until further notice, even if they would have otherwise been permitted to effect a transaction under this Practice.

VI. REPORTING OF TRANSACTIONS BY AFFILIATES

Affiliates must file certain reports with the SEC and New York Stock Exchange disclosing their beneficial holdings of Company Securities and any changes in those holdings. The Chief SEC Counsel and their designee will provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors to help them complete those filings. **However, in any event, the responsibility for complying with the Securities Laws with respect to transactions in Company Securities rests solely with the Affiliate**.

Rule 144

An Affiliate engaging in open-market sales of Company Securities must comply with Rule 144 of the Securities Act of 1933, including any obligation to file a Form 144. A Form 144 is required when a sale exceeds a specified number of shares or dollar amount of securities. The Affiliate should inform the broker handling the sale of Company Securities that a Rule 144 sale is being made and that a Form 144 should be filed with the SEC and New York Stock Exchange when the order to sell is placed. If necessary, the Chief SEC Counsel or their designee can provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors and their brokers with respect to this filing.

Section 16

If you are an Affiliate and you effect any transaction in Company Securities, including pursuant to a Rule 10b5-1 Plan, you (or, in the case of the Rule 10b5-1 plan transaction, the broker administering the plan) must immediately report the transaction to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer. You will be required to complete and file forms with the SEC and the New York Stock Exchange under Section 16 of the Securities Exchange Act of 1934 to report these transactions, generally within two business days after the date of the

transaction. The Chief SEC Counsel and their designee will provide reasonable assistance to any Affiliate who is an employee of the Company or a member of the Board of Directors with respect to the obligation to file these forms.

VII. RULE 10B5-1 TRADING PLANS

The Policy describes Rule 10b5-1 trading plans and the requirements for implementing such a plan, or amending or terminating an existing Rule 10b5-1 plan. With respect to persons who are not Affiliates, a copy of the Rule 10b5-1 plan or any amendment thereof must be provided to the Chief SEC Counsel for review and approval at least ten business days prior to entry into such plan or amendment. Affiliates must generally provide greater advance notice to permit review of the Affiliate's Rule 10b5-1 plan and approval as required under the Policy. You may enter into, amend or terminate a Rule 10b5-1 plan only at a time when you are not aware of material non-public information, and if you are a Preclearance Group member, only during an open trading window. Transactions effected pursuant to an approved Rule 10b5-1 plan will not require further preclearance at the time of the transaction.

The Rule 10b5-1 plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Once a Rule 10b5-1 plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade.

VIII. DEFINITIONS

The following capitalized terms used in this Practice have the meanings set forth below:

- Affiliates – (1) Any director of American Water, and (2) any person who has been designated by the Board of Directors of American Water as an executive officer of American Water for purposes of the U.S. Securities Laws.
- American Water or the Company – American Water Works Company, Inc., not including its subsidiaries.
- Designated Restricted Individuals – Any person who the Chief Executive Officer, the Chief Financial Officer, the General Counsel, or the Chief SEC Counsel may determine to be a Restricted Individual, either on a temporary or permanent basis, and under such conditions or restrictions from engaging in transactions in Company Securities that are to be determined by such person to be warranted based on the circumstances.
- Preclearance Group – The Preclearance Group is comprised of:
    - Affiliates;
    - Restricted Individuals; and
    - Family Members and Controlled Entities of any of the foregoing persons.
- Restricted Individuals – Employees of the Company or any of its subsidiaries, other than Affiliates, who, in the normal course of their duties, have regular access to material non-public information about the Company, and each of whom has been notified by the Chief SEC Counsel or their designee that the employee is a "Restricted Individual." A determination as to whether, and for how long, a former Affiliate or employee may continue to remain subject to the Policy and this Practice is to be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer.

IX. WAIVERS; MODIFICATIONS

Exceptions to this Practice may be made only by the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The Company reserves the right to amend or rescind this Practice or any portion of it at any time and to adopt additional or different practices, policies and procedures at any time.

X. NON-COMPLIANCE

Any Covered Person who violates or circumvents this Practice may be subject to disciplinary action, up to and including termination of employment or service. Additionally, any Covered Person or member of the Preclearance Group who purchases or sells Company Securities based on material non-public information regarding the Company may be criminally liable under provisions of Securities Laws prohibiting insider trading. Civil and other penalties are also recoverable in private lawsuits or by the SEC against Covered Persons or Preclearance Group members who engage in and profit from short swing trades.

XI. QUESTIONS

If you have any questions about this Practice, contact the Chief SEC Counsel or their designee.

POLICY DOCUMENT

Appendix – Summary of Policies & Practices Related to Personal Securities Trading and Preclearance Practice

Practice	Related Practices
Personal Securities Trading and Preclearance Practice	Insider Trading and Prohibited Transactions Policy
	Code of Ethics

American Water Works Company, Inc.'s Subsidiaries

As of February 19, 2025

Entity Name	Entity Type	Jurisdiction of Organization
American Lake Water Company	Corporation	Illinois
American Water (USA), LLC	Limited Liability Company	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Enterprises Holding, LLC	Limited Liability Company	Delaware
American Water Enterprises, LLC	Limited Liability Company	Delaware
American Water Defense Services, LLC	Limited Liability Company	Delaware
American Water Federal Services, LLC	Limited Liability Company	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, LLC	Limited Liability Company	Texas
American Water Real Property Holdings LLC	Limited Liability Company	Delaware
American Water Services CDM, Inc.	Corporation	Washington
American Water Works Service Company, Inc.	Corporation	Delaware
AUI Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AWC Acquisition Company, LLC	Limited Liability Company	Pennsylvania
AW Insurance LLC	Series Limited Liability Company	Delaware
AWIP Holdings LLC	Limited Liability Company	Delaware
AW Technologies, LLC	Limited Liability Company	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Edison Water Company	Corporation	New Jersey
Environmental Management, LLC	Limited Liability Company	Missouri
E'town Services L.L.C.	Limited Liability Company	New Jersey
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland
Missouri-American Water Company	Corporation	Missouri
New Jersey-American Water Company, Inc.	Corporation	New Jersey
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
Virginia-American Water Company	Corporation	Virginia
West Virginia-American Water Company	Corporation	West Virginia

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.400% Senior Notes due 2025
3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
5.150% Senior Notes due 2034
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051
5.450% Senior Notes due 2054

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-277166 and 333-263068) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 19, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 19, 2025

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, M. Susan Hardwick, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, M. Susan Hardwick, Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
February 19, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 19, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)
(856) 955-4001
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$23,779,400,000 as of June 30, 2025 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 30, 2025, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 30, 2025, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—195,208,666 shares as of February 9, 2026.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2025 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation, and the imposition, utilization or change in various economic tariffs (or any attempt or effort to do so), may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
    - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
    - limitations on the parties' ability to pursue alternatives to the proposed merger;
    - an event, change or other circumstance that could give rise to the termination of the merger agreement;
    - a delay in the timing to consummate the proposed merger;
    - each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger);
    - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
    - any impact of the proposed merger on the Company's and the combined company's ability to declare and pay quarterly dividends on its common stock;
    - the risk of litigation related to the proposed merger;
    - changes in the parties' key management and personnel;

- the amount and nature of incurred transaction costs associated with the proposed merger; and
- reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger;

- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
  - any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;

- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The completion of the proposed merger is subject to certain customary conditions. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. See Note 5—Mergers, Acquisitions and Divestitures—Agreement and Plan of Merger with Essential Utilities, Inc., in the Notes to Consolidated Financial Statements for additional information.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries as of the date hereof, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.6 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,723 million for 2025, $4,296 million for 2024 and $3,920 million for 2023, accounting for 92%, 92% and 93%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2025:

	Operating Revenues (in millions)					Number of Customers (in thousands)			
	Water	Wastewater	Other (a)	Total	% of Total	Water	Wastewater	Total	% of Total
Pennsylvania	$ 931	$ 195	$ 14	$ 1,140	24.1 %	697	117	814	22.8 %
New Jersey	1,024	67	14	1,105	23.4 %	680	70	750	21.0 %
Missouri	548	23	4	575	12.2 %	486	24	510	14.3 %
Illinois	435	95	18	548	11.6 %	299	77	376	10.5 %
California	364	5	1	370	7.8 %	193	3	196	5.5 %
Total—Top Five States (b)	3,302	385	51	3,738	79.1 %	2,355	291	2,646	74.1 %
Other (c)	931	37	17	985	20.9 %	887	39	926	25.9 %
Total Regulated Businesses	$ 4,233	$ 422	$ 68	$ 4,723	100.0 %	3,242	330	3,572	100.0 %

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents. Customers associated with other operating revenues are not applicable.

(b) The Company's "Top Five States" are determined based upon operating revenues.

(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2025, 2024 and 2023:

	2025		2024		2023	
(In millions)	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
Water Services:						
Residential	$ 2,557	54 %	$ 2,349	55 %	$ 2,143	55 %
Commercial	981	21 %	885	21 %	798	20 %
Fire service	189	4 %	164	4 %	158	4 %
Industrial	195	4 %	184	4 %	167	4 %
Public and other water (a)	311	7 %	291	7 %	274	7 %
Wastewater	422	9 %	363	8 %	327	8 %
Other (b)	68	1 %	60	1 %	53	2 %
Total	$ 4,723	100 %	$ 4,296	100 %	$ 3,920	100 %

(a) Includes water revenues from public authorities and other utilities and community water systems under bulk contracts.

(b) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2025, 2024 and 2023, which represents approximately 13 million people served as of December 31, 2025:

	2025		2024		2023	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,942	307	2,920	307	2,893	279
Commercial	224	21	222	21	221	18
Fire service	55	—	53	—	52	—
Industrial	4	—	4	—	4	—
Public and other (a)	17	2	18	1	18	1
Total	3,242	330	3,217	329	3,188	298

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2025:

	Surface Water	Ground Water	Purchased Water
Pennsylvania	91%	7%	2%
New Jersey	74%	22%	4%
Missouri	83%	16%	1%
Illinois	50%	38%	12%
California	—%	65%	35%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state has previously experienced multi-year droughts, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $46 billion and $48 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from what was a 250-year replacement cycle in 2009 to a less than a 150-year replacement cycle on average over the last five years. The specific replacement rate varies by year depending on other high priority capital needs, but the Company anticipates it will reach better than a 100-year replacement rate within the next decade, which is generally viewed in the industry as a minimum benchmark for a long-term sustainable replacement rate. In addition, from 2026 to 2030, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, MO, NJ, PA, TN, VA, WV
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, MO, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated utility tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated utility tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2025, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2025, that there are over 50,000 community water systems and, as of 2022, over 16,000 community wastewater systems in the United States, with approximately 81% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's Regulated Businesses current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Additional constructive legislative efforts include H.R. 2872, which would allow utilities to deduct repair costs from their adjusted financial statement income calculation for CAMT, and H.R. 2594, legislation to establish a Water Risk and Resilience Organization to develop cybersecurity requirements for water systems. Efforts to advance these legislative priorities will continue in 2026.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated utility tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Ten of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See — Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, clean, reliable and affordable. Through increased efficiency, conservation and affordability support programs and utility tariffs, on average across the enterprise, the Company achieves average residential bills that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential, American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. Other also includes a contract with a municipal customer to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $417 million for 2025, $388 million for 2024 and $314 million for 2023, accounting for 8%, 8% and 7%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army, Air Force, and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 37 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses and MSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that drinking water standards and wastewater requirements have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $4.1 billion over the next five years, and approximately $788 million in 2026, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national standards for drinking water quality. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2026. The Company is tracking state level regulations that require implementation in 2026 and supporting state operations in its compliance efforts.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule, as amended ("LCR"), to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company continues to evaluate its service territories and has applied for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service line ("LSL") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated its intent to extend the compliance deadline to 2031, under the current rule utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, continues to actively advocate for and support bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act and related state laws regulate discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that fail to comply with the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the American Water Works Association, other state environmental agencies, universities, research labs and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemical Abstract Service Registry contains over 290 million registered chemicals, with an estimated 1,500 species of disease-causing microbes that can affect humans. The Company is continually investigating new substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;
- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;

- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;
- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to MSG as requested or as otherwise needed. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, physical security, cybersecurity, risk management and insurance, treasury, and water quality. For additional information concerning the Company's cybersecurity program, see Item 1C—Cybersecurity. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

Sustainability

The Company considers sustainability principles, such as environmental leadership and corporate governance, fundamental to its corporate strategy and values. The Company has developed a cross-functional approach that supports and drives its sustainability strategy, principles and reporting.

The Company focuses its sustainability efforts in three primary areas: financial, operational and cultural:

- The Company seeks to achieve financial sustainability through its disciplined approach to capital investment and regulatory execution, which supports efforts to grow its business and drive shareholder value while addressing water and wastewater challenges in the United States. The Company's capital investment program is financed with cash flows from operating activities and through a combination of debt and equity capital issuances structured to maintain a healthy balance sheet over the long-term. The Company's approach to balance sheet management is centered on maintaining investment-grade metrics, substantial liquidity provided by highly-rated financial institutions and interest rate management on new debt issuances through its hedging program.
- Operational sustainability means focusing on operating performance and the day-to-day management of water and wastewater systems that provide safe, clean, reliable and affordable service. The Company focuses on the quality of execution and the need to operate its systems safely, efficiently and in compliance with all environmental requirements, for the benefit of its customers. The Company believes this approach to operational sustainability is aligned with the values of its regulators and policymakers.
- Cultural sustainability is reflected in the Company's commitment to support a high performing workforce, while seeking to attract and retain employees who share its purpose and values and understand the needs of the communities in which it serves. The Company demonstrates this commitment to its employees through its values. The Company also believes that investing time, energy and resources in its workforce helps to generate new ideas, continuously improve operations and provide high quality, reliable service for its customers and communities.

Demonstrated Leadership

The Company's values and actions support recognition for demonstrating leadership in areas related to trust, responsibility and sustainability, as well as for positive contributions to its employees and to the communities and customers the Company serves. Among others, these recognitions include the following:

- ranked on *Newsweek's* Worlds's Most Trustworthy Companies 2025 list;
- recognized on *Newsweek's* America's Most Responsible Companies 2025 and 2026 lists; and
- named on *Forbes* America's Best Employers for Company Culture 2025.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting that involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and/or responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; management of financial risk exposures and related financial activities, including, for example, the Company's capital structure and capital expenditures, financial condition and financing requirements, dividend payment policy, and pension and benefit plan investment performance; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and/or responsibility with respect to, among other things: corporate governance; establishment, composition and leadership of the committees of the Board of Directors; director nominations, succession and independence; the Company's political contribution policy and related political contribution and lobbying disclosures, and director education and evaluations.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key sustainability metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures, all of which are reviewed annually and recommended by the Nominating Committee for approval by the Board of Directors.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 188,000 hours of safety training, including physical security and cybersecurity, in 2025. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a situation is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In January 2025, an employee of the Company was fatally injured after being struck by a train. Following the Company's thorough review of the incident, the ED&CC, SETO Committee and the Board of Directors determined the incident to be non-preventable. The Company's review concluded that applicable safety protocols were in place and functioning as intended at the time of the incident. For 2025, the Company had an Occupational Safety and Health Administration Recordable Incident Rate ("ORIR") of 0.36 (not including the non-preventable fatality). For 2025, the Company had a Days Away Restricted or Transferred ("DART") rate of 0.19, compared to the Company's 2025 target DART rate of 0.39. For 2025, to reinforce its focus on the reduction and prevention of serious injuries and incidents, the Company began to track its serious injuries or incidents using the Serious Injury Incidence Rate ("SIIR"), which measures the number of such incidents per 100 employees. The target SIIR for 2025 was 0.04 and the Company recorded no such incidents for 2025.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean, reliable and affordable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2025, the Company filled approximately 1,439 positions, 66% of which with external candidates and 34% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high-performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. Employee succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2025, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, Long-Term Performance Plan compensation for certain strategic positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave, fertility and family building benefits and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 88% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage.

Trust, Dignity and Respect

In 2025, the Company continued its focus on its Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model behaviors consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company's weCARE employee value proposition focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools.

Workforce Data

As of December 31, 2025, the Company had approximately 7,000 employees. For 2025, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2025, was 11.1%, up from 10.5% in 2024.

As of December 31, 2025, approximately 44% of the Company's workforce was represented under 74 collective bargaining agreements with 14 different unions. In 2025, the Company renegotiated 28 collective bargaining agreements that were set to expire during the year. During 2026, 26 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees.

Board Oversight

The ED&CC establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC also oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities, as well as having responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 18, 2026:

Name	Age	Office and Experience
John C. Griffith	59	**President and Chief Executive Officer.** Mr. Griffith has served as Chief Executive Officer and principal executive officer of the Company since May 14, 2025 and as President since August 2024. He joined the Company in May 2022 and served as its Executive Vice President and Chief Financial Officer until August 2024. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	47	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 2022 to August 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint Energy, Inc. from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren Corporation (which was sold to CenterPoint Energy on February 1, 2019) from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.
Maureen Duffy	56	**Executive Vice President, Communications and External Affairs.** Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 2024 and has had over 26 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 through October 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Stacy A. Mitchell	50	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years.
Cheryl Norton	61	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 37 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation and as a member of the Board of Trustees of The Cooper Health System.

Name	Age	Office and Experience
Lori A. Sutton	52	**Executive Vice President, Chief Human Resources Officer.** Ms. Sutton was appointed as Executive Vice President, Chief Human Resources Officer, effective October 1, 2025 and served as Senior Vice President, Chief Human Resources Officer from April 1, 2025 to September 30, 2025. Ms. Sutton joined the Company in February 2023 as its Chief Inclusion, Diversity and Equity Officer, and also served as the Company's Vice President of Talent Acquisition from April 2024 to November 2024, and its Senior Vice President of Talent Management from December 2024 to March 2025. Prior to joining the Company, Ms. Sutton served from September 2021 to February 2023 as Global Head of Inclusion, Diversity and Culture at Alcoa, Inc. Before that, she worked in similar roles at Berry Global Group, Inc., from September 2019 to September 2021. She is a member of the Board of Directors of Liberty Federal Credit Union in Evansville, Indiana.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q or its current reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risk Factors Summary

The following summary is intended to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors discussed below in their entirety for additional information. A number of the factors that could materially and adversely affect our business, financial condition or results of operations include:

Risks Related to Our Industry and Business Operations

- Our Regulated Businesses are subject to regulation by PUCs and other regulatory agencies, which affects our business, financial condition, results of operations and cash flows, and may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.
- Our operations and the water we supply are subject to environmental, water quality and health and safety laws and regulations, including contaminants of emerging concern, compliance with which could impact our operating costs and capital expenditures, and violations of which could subject us to costs, damage to our reputation or regulatory action, and contamination events may lead to service limitations, reduced usage or litigation.
- Limitations or restrictions on water supplies may adversely affect our access to sources of water, our ability to supply water to customers and, together with climate variability, severe weather, natural disasters and seasonality, may cause service disruptions, reduced demand or increased costs.
- The current regulatory rate setting process may result in a significant delay, also known as “regulatory lag,” from the time that we invest in infrastructure improvements, incur increased operating expenses, incur increased cost of capital or experience declining water usage, to the time at which we can seek to address these events in general rate cases. Our inability to mitigate or minimize regulatory lag could adversely affect our business.
- Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.
- Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities, and aging infrastructure may require increased capital and O&M spending.
- Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding or experience increases in short- and long-term interest rates or delays in completing major capital expenditure projects.
- Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.
- Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.
- We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.
- The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.
- Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.
- An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.
- We face technology, cybersecurity and data privacy risks, including failures, cyber attacks, unauthorized access and evolving privacy requirements, any of which may result in operational disruption, regulatory actions or reputational harm.

- An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.
- Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.
- Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Financial, Economic and Market-Related Risks

- Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.
- Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.
- Our forward sale agreements may adversely affect our results of operations or financial condition, the share price of our common stock and our liquidity, and may potentially cause shareholder dilution.
- The conditional exchange feature of the 3.625% Exchangeable Senior Notes due 2026 (the "Exchangeable Notes"), if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.
- Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.
- We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Risks Related to the Proposed Merger with Essential

- The proposed merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed merger or impose conditions that could have a material adverse effect on us or the combined company.
- The proposed merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.
- The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay Essential a significant termination fee.
- If completed, the proposed merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.
- The proposed merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.
- If the proposed merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

Additional Risks Related to Our Business

- Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;
- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply and wastewater we treat are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has

stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether or to what extent liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities. In September 2025, the EPA reaffirmed this enforcement approach, explaining that, while it intends to focus CERCLA enforcement activities on entities that significantly contributed to PFAS releases and generally does not plan to pursue actions against passive receivers, its enforcement discretion does not alter CERCLA's underlying liability framework or restrict private party claims, and therefore the extent to which we may be subject to future CERCLA liability for PFAS-related claims remains uncertain. Furthermore, both federal and state laws and regulations have been enacted or proposed that seek to reduce or limit GHG emissions and/or require or would require additional reporting, monitoring and disclosure of, among other things, GHG emissions and related financial risks, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently promulgated LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our approach to how we dispose of material related to treatment at impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs in whole or in part or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or wastewater or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being identified, created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the "1995 Order," the "2009 Order" and, as amended in July 2016, the "2016 Order" and, collectively, the "Orders") that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which

could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Utility tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial condition, results of operations and cash flows. Seasonal and other drought conditions that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions, rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased weather volatility and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;
- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict the potential impact on our business, financial condition, results of operations, cash flows and liquidity. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;
- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates, or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assert liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contracting regulations and contractor affirmative action audits;

- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sanitary sewer overflow and system failure. Liabilities resulting from such events could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our business, financial condition, results of operations and cash flows. Utility tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2025, we invested $3.2 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions

currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, PFAS, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents directed at our operations or industries upstream from our water treatment plants. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a “Do Not Use” protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply or water service, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, utility tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by utility tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our long-term growth, financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

Some states in which we operate allow the respective public utility commissions to use fair market value to set ratemaking rate base instead of the traditional depreciated original cost of water or wastewater assets for certain qualifying acquisitions. Depending on the state, there are varying rules and circumstances in which fair value is determined. Some states' regulations allow ratemaking rate base to equal the lower of the average of the appraisals or the purchase price, subject to regulatory approval. There may be situations where we may pay more than the ultimate fair value of the utility assets as set by the regulatory commission, despite the fair value legislation suggesting its full recovery. In June 2024, the Pennsylvania Public Utility Commission updated existing procedures and guidelines designed to increase public involvement and ensure greater consistency in the process for reviewing and evaluating the acquisition and valuation of municipal-owned or authority-owned water and wastewater systems in Pennsylvania. This includes requirements for public notice and meetings, requires a rate impact notice, and provides other measures to improve the fair market value process when investor-owned utilities acquire water and wastewater utilities in Pennsylvania. In these situations, goodwill may be recognized to the extent there is an excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through a business acquisition. Our financial condition and results of operations could be harmed by an inability to earn a return on, and recover our purchase price as a component of rate base.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management's time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;
- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and
- difficulties in integrating or assimilating acquired systems' operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, in December 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers

and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See —Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation or other claims, as well as damages, fines, penalties and/or adverse disclosures, perception or publicity about us and our businesses. These events could also require us to change our business practices, and the events (including any actions we may take to respond to or following such events) or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured. We also rely on a limited number of mutual insurance companies for a significant portion of our insurance coverage and any disruption in these markets or changes in the terms offered by these companies could materially increase our costs or limit our ability to obtain adequate insurance.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker's compensation, employer's liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses.

In addition, we maintain a substantial portion of our liability and property insurance coverage through a small number of mutual insurance companies that specialize in providing coverage to the utility industry. These mutual insurers provide us with competitive terms, conditions, and self-insured retentions that may not be available in the broader commercial insurance market. If one or more of these mutual insurers were to experience significant financial distress, experience a dilution in their credit ratings, decide to withdraw from the utility sector, or otherwise restrict insurance terms and conditions, we could face a substantial increase in our insurance premiums or a reduction in the scope of available coverage, or the inability to obtain coverage at all.

Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can continue to be able to secure all necessary or appropriate insurance in the future on an economically reasonable basis or at all. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs, a reduction in the number of insurance carriers willing or able to provide us with coverage, or increased deductibles or self-insured retention requirements. Any or all of the foregoing circumstances described above could result in us experiencing losses that are uninsured or underinsured, or result in us being unable to continue to maintain appropriate or reasonable insurance coverage for our business, which could have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these

efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2025, approximately 44% of our workforce was represented by unions, and we had 74 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 26 of which are scheduled to expire during 2026, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2025, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $15.8 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;
- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2025, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2026, 2027 and 2028 will be $1,479 million, $646 million and $869 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation

risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2025, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2025, there were no outstanding borrowings under the revolving credit facility, $1,590 million of commercial paper outstanding and $84 million in outstanding letters of credit. There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry’s financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

Settlement provisions contained in our forward sale agreements subject us to risks if certain events occur, which could have an effect on our results of operations and liquidity, and could cause the price of our common stock to decline.

In August 2025, we entered into forward sale agreements with each of Wells Fargo National Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC, each as forward purchasers, relating to an aggregate of 8,098,592 shares of our common stock. Each forward purchaser will have the right to accelerate the forward sale agreement to which it is a party and require us to physically settle such forward sale agreement on a date specified by such forward purchaser if:

- in the good faith, commercially reasonable judgment of such forward purchaser, it or its affiliate is unable to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of such forward sale agreement or it or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than an extraordinary dividend), (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such forward purchaser;
- certain ownership thresholds applicable to such forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreements), as well as certain events such as a delisting of our common stock (each as more fully described in the forward sale agreements); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made by us in connection with our entry into a forward sale agreement, our bankruptcy (except as described below) or certain changes in law (each as more fully described in the forward sale agreements).

A forward purchaser's decision to exercise its right to accelerate a forward sale agreement to which it is a party (or, in certain cases, the portion thereof that it determines is affected by the relevant event) will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the physical settlement provisions of that particular forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. In addition, upon certain events of bankruptcy or insolvency related to us, each forward sale agreement will automatically terminate without further liability of either party. Following any such termination, we would not issue any shares of our common stock or receive any proceeds pursuant to the forward sale agreements.

Each forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion on or prior to December 31, 2026. Each forward sale agreement will be physically settled by delivery of shares of our common stock, unless we elect to cash settle or net share settle such forward sale agreement. Upon physical settlement or, if we so elect, net share settlement of a particular forward sale agreement, delivery of shares of our common stock in connection with such physical settlement or (to the extent we are obligated to deliver shares of our common stock) net share settlement will result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of our common stock underlying a particular forward sale agreement, we expect that the relevant forward purchaser (or an affiliate thereof) will purchase a number of shares of our common stock necessary to satisfy its or its affiliate's obligation to return the shares of our common stock borrowed from third parties in connection with the related sales of shares of our common stock under that forward sale agreement and, upon net share settlement, its obligation to deliver shares to us, if applicable. If the market value of shares of our common stock during the relevant valuation period under the particular forward sale agreement is above the applicable forward sale price, in the case of cash settlement, we would be obligated to pay the relevant forward purchaser under that particular forward sale agreement an amount in cash equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to cash settlement or, in the case of net share settlement, we would be obligated to deliver to the relevant forward purchaser a number of shares of our common stock having a value equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to net share settlement. Thus, we could be responsible for a potentially substantial cash payment or share delivery obligation.

In addition, the purchase of shares of our common stock in connection with the relevant forward purchaser or its affiliate unwinding its hedge positions could cause the market price of our common stock to increase over such time (or prevent a decrease over such time), thereby increasing the amount of cash we would owe to the relevant forward purchaser (or decreasing the amount of cash that the relevant forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of our common stock we would be obligated to deliver to the relevant forward purchaser (or decreasing the number of shares of our common stock that the relevant forward purchaser would be obligated to deliver to us) upon net share

settlement of the relevant forward sale agreement. We will not be able to control the manner in which the forward purchasers unwind their hedge positions.

The forward sale price that we expect to receive upon physical settlement of the forward sale agreements is subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding rate less a spread and will be decreased based on amounts related to expected dividends on shares of our common stock during the term of such forward sale agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price for such day.

In certain bankruptcy or insolvency events, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the forward sales of our common stock.

If we institute or consent to, or an appropriate regulatory or other authority institutes against us, a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or if we or such authority presents a petition for our winding up or liquidation or we consent to such a petition, each forward sale agreement will automatically terminate. If a forward sale agreement so terminates, we would not be obligated to deliver to the relevant forward purchaser any shares of our common stock not previously delivered (or for which physical settlement has not been elected), and the relevant forward purchaser would be discharged from its obligation to pay the forward sale price per share in respect of any shares of our common stock not previously settled (or for which physical settlement has not been elected). Therefore, to the extent there are any shares of our common stock with respect to which we have not elected to physically settle under a forward sale agreement at the time of the institution of or consent to any such bankruptcy or insolvency proceedings or any such petition, we would not receive the forward sale price per share in respect of those shares of our common stock.

Our shareholders may experience dilution as a result of the issuance of shares upon physical or net share settlement of the forward sale agreements, which may impact our earnings per share and the book value and fair value of our common stock.

Our issuance of common stock pursuant to a forward sale agreement upon physical settlement or net share settlement thereof will have a dilutive effect on our earnings per share. Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors who do not participate in future issuances. Shareholders will not be entitled to vote on our issuance of additional common stock. In addition, our shareholders may experience dilution in both the book value and fair value of their shares.

The conditional exchange feature of the Exchangeable Notes, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of Notes. See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Exchangeable Notes. In the event the conditional exchange feature of the Exchangeable Notes is triggered and one or more holders elect to exchange their Exchangeable Notes, AWCC would be required to settle any exchanged principal through the payment of cash, which could adversely affect our liquidity. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Exchangeable Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Exchangeable Notes may encourage short selling by market participants because the exchange of the Exchangeable Notes could be used to satisfy short positions, and any anticipated exchange of the Exchangeable Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2025, included $1.2 billion of goodwill and $254 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Risks Related to the Proposed Merger with Essential

The market price of shares of parent company's or Essential's common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, and as a result, the consideration at the date of the closing of the proposed Essential merger may vary significantly from the date the Essential Merger Agreement was executed.

Upon completion of the proposed Essential merger, each outstanding share of Essential common stock will be converted into the right to receive 0.305 shares of parent company common stock. The number of shares of parent company common stock to be issued pursuant to the Essential Merger Agreement for each share of Essential common stock will not change to reflect changes in the market price of parent company common stock or Essential's common stock. Because we may not complete the proposed Essential merger until a significant period of time has passed after the determination of the exchange ratio, the market value of parent company common stock issued in connection with the Essential merger and the Essential common stock surrendered in connection with the Essential merger may be higher or lower than the value of the shares at the time the exchange ratio was fixed. Stock price changes may result from market assessment of the likelihood that the proposed Essential merger will be completed, changes in our or Essential's business, operations or prospects prior to or following the proposed Essential merger, litigation or regulatory considerations, reactions from the financial markets or analysts, general business, market, industry or economic conditions, and other factors both within and beyond our control, including the risks, uncertainties and other factors described in this Annual Report on Form 10-K and in our other SEC filings. We may not terminate the Essential Merger Agreement solely because of changes in the market price of either company's common stock.

The proposed Essential merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed Essential merger or impose conditions that could have a material adverse effect on us or the combined company.

We anticipate that, subject to the receipt of all required regulatory and other consents and approvals and the satisfaction or waiver of all other closing conditions, the Essential merger will be completed in the first quarter of 2027. Among other closing conditions, completion of the proposed Essential merger is conditioned upon the receipt of such required consents, orders and approvals from various governmental and regulatory entities and other third parties, including PUCs in certain states in which either or both companies operate, including without limitation the Pennsylvania Public Utility Commission. The proposed merger is also subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the proposed merger is a condition to closing the proposed merger.

We cannot provide any assurance that all of the required consents, orders and approvals will be obtained or that these consents, orders or approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the Essential merger, including requiring one or both companies to dispose of certain assets. The Essential Merger Agreement allows, subject to certain conditions, limitations and exclusions, each party to terminate the Essential Merger Agreement (and generally without the payment of a termination fee to the non-terminating party) if the final terms of any of the required regulatory consents, orders or approvals would result in or require an undertaking of efforts or the taking of action that would reasonably be expected to have, individually or in the aggregate, a "burdensome effect" (as defined in the Essential Merger Agreement). Any substantial delay in obtaining satisfactory consents, orders or approvals, or the imposition of any requirements, terms or conditions in connection with a party's obtaining such consents, orders or approvals, could be on terms that we or Essential do not believe to be reasonable or could cause a material reduction in the expected benefits of the proposed merger and/or an impairment or deterioration in our or Essential's relationships with their respective applicable PUCs. If any such delays or conditions are significant enough, one or both parties may decide to abandon the proposed Essential merger and terminate the Essential Merger Agreement, subject to its terms. If the proposed merger is not completed, our ongoing businesses may be adversely affected, including, as follows:

- having to pay certain significant costs relating to the proposed merger without receiving the benefits of the proposed merger, including, in certain circumstances, a payment by us to Essential of a termination fee of $835 million in the case of a termination fee payable by us to Essential;
- diversion of management's attention from day-to-day operations;
- not pursuing other strategic transactions that we may have otherwise considered had we not entered into the Essential Merger Agreement with Essential;
- we will have been subject to certain restrictions on the conduct of our ongoing businesses, which may have prevented us from making certain acquisitions or dispositions or pursuing certain business opportunities while the proposed merger was pending; and
- the price of parent company's common stock may decline to reflect assumptions by the market as to whether the proposed merger will be completed.

The proposed Essential merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.

The proposed Essential merger will be completed only if stated conditions are satisfied, including the receipt of the requisite regulatory and other approvals, among other conditions. Many of the conditions are outside the parties' control, and both parties also have certain rights to terminate the Essential Merger Agreement. Accordingly, there may be uncertainty regarding the completion of the proposed merger. This uncertainty, or any disagreement with the decision to enter into the Essential Merger Agreement, may cause our suppliers, vendors, strategic partners, certain customers or others that deal with us to delay or defer entering into contracts or make other decisions concerning us, or to seek to change or cancel existing business relationships. Any delay or deferral of those decisions or changes in existing agreements or relationships could have a material adverse effect on us and our financial condition and results of operations.

The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed Essential merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay to the other party a significant termination fee.

Under the Essential Merger Agreement, we and Essential are each restricted, subject to limited exceptions, from entering into certain alternative transactions in lieu of the proposed Essential merger, including, among other things, soliciting, initiating, knowingly encouraging or knowingly facilitating the making of a proposal that is or would reasonably be expected to lead to a competing acquisition proposal from any person. Each of our Board of Directors and Essential's board of directors is limited in its ability to change its recommendation with respect to the proposed merger and related proposals. We and/or Essential may terminate the Essential Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the Essential Merger Agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us or Essential from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the proposed merger, or the competing transaction might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the Essential Merger Agreement, in the event the Essential Merger Agreement is terminated to accept a superior proposal, or under certain other circumstances, we would be required to pay a termination fee of $835 million to Essential in the case of a termination of the Essential Merger Agreement by us, and Essential would be required to pay a termination fee of $370 million to us in the case of a termination of the Essential Merger Agreement by Essential.

We may be the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the proposed Essential merger from being completed.

Securities class action lawsuits, derivative lawsuits, and lawsuits seeking to enjoin the proposed Essential merger are often brought against companies that have entered into a merger agreement. Even if these lawsuits are without merit, defending against these claims can result in substantial costs to the parties to the Essential Merger Agreement and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed.

If completed, the proposed Essential merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.

We entered into the Essential Merger Agreement with the expectation that the proposed Essential merger will result in various benefits, including, among other things, increased efficiencies of scale and size, increased geographic diversity, greater long-term growth opportunities for employees of the combined company, and other operating efficiencies. Achieving the anticipated benefits of the proposed merger is subject to a number of uncertainties, including whether our and Essential's businesses can be integrated in an efficient, effective and timely manner.

We could have difficulty integrating the acquired assets, personnel and operations with our own. We anticipate that the integration of the two companies may ultimately be complex, and we expect to devote significant time and resources to this integration process. Risks and uncertainties that could impact us negatively include:

- unforeseen or significant difficulties in integrating the two companies and their assets, operations, cultures and employees;
- the potential disruption of the ongoing businesses and distraction of our and Essential's management;
- changes in our business focus and/or management;
- risks related to owning, operating, maintaining and successfully managing Essential's natural gas distribution business, including any increased risks and liabilities associated with the operation of that business;
- difficulties in establishing and/or maintaining uniform standards, systems, controls, procedures and policies, including accounting and financial reporting, across both of the integrated companies, or merging or linking disparate ones;
- the potential impairment of relationships with employees and partners as a result of any integration of new management personnel;
- the potential inability to manage an increased number of locations and employees; and
- the effect of any government regulations which relate to Essential's business, including with respect to jurisdictions in which our Regulated Businesses currently do not operate.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the proposed Essential merger as and when expected. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies, and the various management and corporate governance constructs provided for in the Essential Merger Agreement to govern the combined company, including with respect to the board of directors of the combined company, may not operate successfully as intended or desired. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and otherwise adversely affect the combined company's future business, financial condition, operating results and prospects.

The proposed Essential merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.

We currently anticipate that the proposed Essential merger will be accretive to our earnings per share in 2028, the first full year following the completion of the proposed merger. This expectation is based on preliminary estimates that are subject to change. We also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the proposed merger or be subject to other factors that affect our preliminary estimates. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the proposed merger and contribute to a decrease in the market price of our common stock.

The combined company's financial condition, results of operations and cash flows could be adversely affected by unknown or unexpected events, conditions or actions that occur prior to the closing of the proposed Essential merger.

The combined company's assets, liabilities, business, financial condition, cash flows, and operating results, as well as its business strategies and prospects, could be adversely affected before or after the closing of the proposed Essential merger as a result of previously unknown events or conditions occurring or existing before closing. Adverse changes in our or Essential's business or operations could occur or arise as a result of actions by us or Essential, or as a result of legal or regulatory developments (including, without limitation, the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions), and other factors both within and beyond the control of us or Essential. A significant decline in the value of Essential's assets that we would acquire in the proposed merger or a significant increase in Essential's liabilities to be assumed could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

If the proposed Essential merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

In accordance with applicable accounting standards in the United States related to business combinations, we believe that the proposed Essential merger will be accounted for as an acquisition of Essential's common stock by parent company and will follow the acquisition method of accounting for business combinations, including with respect to goodwill. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to, for example, market conditions, other factors related to our performance or the performance of Essential's business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information, in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. Market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water and wastewater utilities, market price performance of our common stock that compares unfavorably to our peer companies, or other circumstances. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to our income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

We cannot assure that we will be able to continue paying quarterly dividends at the current rate, or to propose and/or maintain future quarterly dividend increases as planned.

Our shareholders have no contractual or other legal right to dividends that have not been declared. We currently expect that we will continue to pay dividends in an amount consistent with our dividend strategy and policy in effect prior to the announcement of the proposed merger, and that we will continue to propose future increases in our quarterly dividend rate consistent with our announced dividend growth strategy. However, there is no assurance that our shareholders will continue to receive payments of such dividends while the proposed Essential merger is pending or the combined company will pay such dividends following completion of the proposed merger, for a number of reasons that include, for example:

- a lack of cash to pay such dividends, due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- our Board of Directors may decide not to declare and pay quarterly dividends in accordance with historical practice or our stated dividend strategy, or at all;
- the amount of quarterly dividends that we may pay to shareholders is subject to restriction under Delaware law and compliance with our stated dividend payment policy and strategy; and
- we may fail to receive upstream dividend payments from our subsidiaries in the same amount that we have historically, and the ability of our subsidiaries to do so is subject to various risks and uncertainties described herein and in Note 9—Shareholders' Equity—Dividends and Distributions in the Notes to Consolidated Financial Statements.

We may incur substantial and/or unexpected transaction fees and merger-related costs in connection with the proposed Essential merger.

We expect to incur substantial non-recurring expenses associated with completing the proposed Essential merger, as well as expenses related to combining the operations of the two companies. For the year ended December 31, 2025, we incurred $13 million of merger-related costs. We estimate $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger. The combined company may also incur additional unanticipated costs in or associated with the integration of the companies' businesses. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset some or all of the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Current shareholders will have reduced ownership and voting interests after the proposed Essential merger.

Parent company has reserved for issuance shares of its common stock to be issued in the proposed Essential merger (including shares of parent company common stock issuable pursuant to the proposed treatment of Essential stock options and other equity-based awards in the proposed merger). As of December 31, 2025, parent company shareholders and Essential's shareholders would own an estimated 69% and 31% of the outstanding shares of parent company common stock, respectively, on a fully diluted basis immediately following the consummation of the proposed merger. If the proposed merger occurs, each holder of parent company common stock will remain a shareholder of parent company but with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of ownership immediately prior to the proposed merger. As a result of this reduced ownership percentage, parent company shareholders will have less voting power in the combined company than they now have with respect to parent company.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, those of other shareholders.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, their interests as our shareholders. These interests include that the 10 members of our Board of Directors as of immediately prior to the effective time will remain on our Board of Directors immediately following the completion of the merger, Karl F. Kurz, the Board Chair with respect to our Board of Directors (or the individual serving in such position immediately prior to the effective time) will continue to serve in such position, Mr. Griffith, as President and Chief Executive Officer of American Water (or the individual serving in such position immediately prior to the effective time), will continue to serve in such position, and the individuals serving in executive vice president and senior executive positions of parent company who report to the President and Chief Executive Officer of parent company immediately prior to the effective time, will continue in such positions until the earlier of such individual's resignation or removal.

Completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party, which may have an adverse impact on the combined company's business and results of operations.

The completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party. If we and Essential are unable to negotiate waivers of those provisions or otherwise amend the terms of such agreements, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if we and Essential are able to negotiate waivers or amend the terms of such agreements, the counterparties may require a fee for such waivers or amendments or renegotiate the agreements on terms less favorable to us, Essential, or the combined company. Any of the foregoing or similar developments may have an adverse impact on the combined company's business, results of operations, financial condition, and cash flows.

The future results and market value of the combined company may be adversely impacted if the combined company does not effectively manage its expanded operations following the completion of the merger or the combined company fails to successfully execute its business strategy and objectives.

Following the completion of the Essential merger, the size of the combined company's business will be significantly larger than the current size of either our or Essential's respective businesses. The combined company's ability to successfully manage this expanded business will depend, in part, upon management's ability to design and implement operational, managerial, financial and strategic initiatives that address not only the integration of two independent standalone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity.

In addition, the success of the Essential merger will depend, in part, on the ability of the combined company to successfully execute its business strategy. If the combined company is not able to achieve its business strategy on a timely basis, or otherwise fails to perform in accordance with the expectations of the parties, the anticipated benefits of the merger may not be realized fully or at all, and the merger may materially adversely affect the results of operations, financial condition and prospects of the combined company, and, consequently, the market value of the combined company's common stock.

The proposed Essential merger will combine companies that are affected by developments in the water and wastewater utility industries and, additionally, with respect to Essential, the natural gas industry, including changes in regulation. Any failure to adapt to changing regulatory environments after the completion of the merger could adversely affect the stability of the combined company's earnings.

Because we and Essential, and each of their respective subsidiaries, are significantly regulated in the United States, the two companies have been and will continue to be affected by U.S. federal, state and local legislative, political and regulatory developments. After the merger is completed, the combined company and/or its subsidiaries will be subject to extensive regulation in the states in which the combined company will operate. The costs and burdens associated with complying with these regulations may have an adverse effect on the combined company. Moreover, potential legislative, political or regulatory changes, or other similar changes, may create greater risks to the stability of the combined company's revenue, income and earnings generally.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2025, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling approximately $7.9 billion, of which $1.1 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements, geography, and the proposed business combination with Essential. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees, members of our Board of Directors and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. Our Insider Trading and Prohibited Transactions Policy also requires employees, members of our Board of Directors and contractors to comply with applicable insider trading requirements and to not engage in specified types of financial transactions (such as hedging, pledging, margin and "short sale" transactions) with respect to our common stock. All employees are required to complete training on and review the Code of Ethics and the Insider Trading Policy on an annual basis, and violations of the Code of Ethics and the Insider Trading Policy could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in unlawful insider trading, conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics, our Insider Trading Policy, and our other policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "Zero Trust" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We have been, and may in the future be, subject to physical and cyber attacks, *and* —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify, escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Information Systems Security Professionals from the International Information Systems Security Certification Consortium. The CISO serves on several working groups within the Water Information Sharing & Analysis Center and across the water industry. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's cybersecurity unit conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2025, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework based on industry standards and designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 170 wastewater treatment plants;
- 55,000 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;
- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 49% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 18, 2026, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more**.**

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's utility tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

During the fourth quarter of 2025, the MPWMD filed an application with the SWRCB seeking to modify the 2009 Order and the 2016 Order to rescind a condition included therein that prohibits (i) new service connections and (ii) increased water use at existing service connections resulting from a change in zoning or use, throughout Cal Am's Monterey service territory. The MPWMD's stated rationale for seeking to rescind this condition is a lack of threatened violation for the foreseeable future given a sufficient water supply to serve demand, and the current prohibitions restrict local housing construction needed to meet state affordable housing mandates. On December 19, 2025, Cal Am filed a response, requesting that the SWRCB deny the application or hold it in abeyance to permit Cal Am to meet with appropriate stakeholders and to develop a proposal for relief from the prohibitions.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and in March 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project. On August 14, 2025, the CPUC approved a final decision, which was updated on October 9, 2025, finding that, as to the supply and demand estimates for the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year as of 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. The CPUC has not yet ruled on these motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in accordance with the CPUC's prior decisions. See Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements for further discussion. Subject to the impacts, outcomes or resolution of applicable litigation and other proceedings, construction of the desalination plant for the Water Supply Project is expected to begin in 2026, and the desalination plant is currently anticipated to be in service by the end of 2029.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, MCWD, MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. In April 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. After trial and subsequent proceedings ending in the first quarter of 2025, on May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed. This matter remains pending.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2027. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. Trial commenced on November 12, 2025, and is expected to continue into the first quarter of 2026.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's board in September 2024. Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. In June 2024, MCWD filed a motion for judgment on the pleadings. In December 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. In February 2024, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate, and the MPDMD filed a notice of cross-appeal. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, the MPWMD notified Cal Am in October 2022 of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded shortly thereafter, denying the request for access, and stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. In February 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. In November 2024, the court issued a ruling denying Cal Am's motion to dismiss, and Cal Am filed its answer to the complaint in December 2024. On August 20, 2025, Cal Am filed a motion for summary judgment as to the MPWMD's condemnation action, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with its condemnation action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability for the settlement will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026 for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On November 14, 2025, the Plaintiffs in the *Ruffin* and *Toliver* lawsuits jointly filed a motion for class certification. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

During 2025, the Company was made aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims that had been asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 9, 2026, there were 195,208,666 shares of common stock outstanding held by approximately 1,773 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2025.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Annual Report on Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Annual Report on Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Annual Report on Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.6 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Annual Report on Form 10-K within "Other." See Item 1—Business for additional information.

Financial Results

The following table provides the Company's diluted earnings per share (GAAP) and adjusted diluted earnings per share (a non-GAAP measure):

	For the Years Ended December 31,		
	2025	2024	2023
Diluted earnings per share (GAAP):			
Net income attributable to shareholders	$ 5.69	$ 5.39	$ 4.90
Non-GAAP adjustments:			
Estimated impact of favorable weather	—	(0.16)	(0.17)
Income tax impact	—	0.04	0.04
Net non-GAAP adjustment	—	(0.12)	(0.13)
Incremental interest income from amended HOS seller note	(0.13)	(0.12)	—
Income tax impact	0.03	0.03	—
Net non-GAAP adjustment	(0.10)	(0.09)	—
Transaction costs associated with the pending merger with Essential	0.07	—	—
Income tax impact	(0.02)	—	—
Net non-GAAP adjustment	0.05	—	—
Total net adjustments	(0.05)	(0.21)	(0.13)
Adjusted diluted earnings per share (non-GAAP)	$ 5.64	$ 5.18	$ 4.77

For the year ended December 31, 2025, diluted earnings per share (GAAP) was $5.69, an increase of $0.30 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.64 for the year ended December 31, 2025, an increase of $0.46 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

For the year ended December 31, 2024, diluted earnings per share (GAAP) was $5.39, an increase of $0.49 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.18 for the year ended December 31, 2024, an increase of $0.41 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

Adjustments to GAAP

Adjusted diluted earnings per share represents a non-GAAP financial measure and, as shown in the table above, is calculated as GAAP diluted earnings per share, excluding the impact of one or more of the following events: (i) estimated impact of weather; (ii) incremental interest income from the February 2, 2024 amendment to the HOS secured seller promissory note, which increased the aggregate principal amount from $720 million to $795 million and increased the interest rate from 7.00% per year to 10.00% per year; and (iii) transaction costs incurred during 2025 associated with the proposed merger with Essential. The most directly comparable GAAP measure for adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in the table above.

The Company believes that this non-GAAP measure provides investors with useful information by excluding certain matters that may not be indicative of its ongoing operating results (or, in the case of weather, that is outside the Company's operational control and is subject to significant period-to-period variability), and that providing this non-GAAP measure will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the Company's results of operations and without the estimated impact of weather. Although management uses this non-GAAP financial measure internally to evaluate its results of operations, the Company does not intend results reflected by this non-GAAP measure to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. This non-GAAP financial measure is derived from the Company's consolidated financial information but is not presented in the financial statements prepared in accordance with GAAP. This measure should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. In addition, this non-GAAP financial measure as defined and used above, may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, may have significant limitations on its use.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2025, the Company invested $3.2 billion, in the Regulated Businesses, as discussed below:

- $3.2 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $83 million to fund acquisitions in the Regulated Businesses, which added approximately 20,900 customers during 2025. This includes the Company's acquisitions effective May 28, 2025, and October 27, 2025, of all the outstanding capital stock of Audubon Water Company and Appalachian Utilities Inc., respectively, for aggregate consideration of $11 million, in the form of shares of parent company common stock.
- Approximately 18,900 new customers were added through organic growth in existing systems.

The Company expects to invest between $19 billion to $20 billion over the next five years, and between $46 billion to $48 billion over the next 10 years, including $3.7 billion in 2026. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $17 billion to $17.5 billion over the next five years, and between $42 billion to $43 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $2 billion to $2.5 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 70%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 5%; system expansion 4%; other 3%.

Excluding the Essential Merger Agreement, as of December 31, 2025, the Company had entered into 20 agreements with a total aggregate purchase price of $582 million for pending acquisitions in the Regulated Businesses to add approximately 104,300 additional customers.

Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into the Essential Merger Agreement to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable PUCs on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger-related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations. Including the costs incurred for the year ended December 31, 2025, the Company estimates a total of $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger.

Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before August 2026.

Other Matters

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to an MDL lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated their intent to extend the compliance deadline to 2031, under the current rule, utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the CPUC granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

(In millions)	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest Income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 4,723	$ 4,296	$ 3,920
Operation and maintenance	1,642	1,517	1,441
Depreciation and amortization	883	772	693
General taxes	325	301	288
Other operating (income) expense	—	—	(1)
Other income (expense)	(415)	(339)	(269)
Provision for income taxes	321	302	259
Net income attributable to common shareholders	$ 1,137	$ 1,065	$ 971

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Water services:			
Residential	$ 2,557	$ 2,349	$ 2,143
Commercial	981	885	798
Fire service	189	164	158
Industrial	195	184	167
Public and other	311	291	274
Total water services	4,233	3,873	3,540
Wastewater services:			
Residential	287	245	228
Commercial	86	70	62
Industrial	10	12	8
Public and other	39	36	29
Total wastewater services	422	363	327
Other (a)	68	60	53
Total operating revenues	$ 4,723	$ 4,296	$ 3,920

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

	For the Years Ended December 31,		
(Gallons in millions)	**2025**	**2024**	**2023**
Billed water services volumes:			
Residential	161,270	163,583	160,921
Commercial	80,864	80,385	78,404
Industrial	36,703	37,217	36,404
Fire service, public and other	54,405	54,700	54,236
Total billed water services volumes	333,242	335,885	329,965

In 2025, as compared to 2024, operating revenues increased $427 million, primarily due to a $406 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $49 million from water and wastewater acquisitions, as well as organic growth in existing systems. These increases were partially offset by an estimated $36 million decrease in 2025, due to warmer, drier weather compared to normal in 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Employee-related costs	$ 582	$ 543	$ 513
Production costs	483	458	438
Operating supplies and services	306	274	255
Maintenance materials and supplies	104	97	102
Customer billing and accounting	92	72	65
Other	75	73	68
Total operation and maintenance expense	$ 1,642	$ 1,517	$ 1,441

Employee-Related Costs

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Salaries and wages	$ 468	$ 434	$ 413
Group insurance	73	69	60
Pensions	5	7	9
Other benefits	36	33	31
Total employee-related costs	$ 582	$ 543	$ 513

In 2025, as compared to 2024, employee-related costs increased $39 million primarily due to an increase in salaries and wages due to higher employee headcount to support growth of the business and merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Purchased water	$ 189	$ 180	$ 161
Purchased power	130	112	108
Chemicals	106	107	105
Waste disposal	58	59	64
Total production costs	$ 483	$ 458	$ 438

In 2025, as compared to 2024, production costs increased $25 million primarily from higher purchased power costs and higher purchased water costs and usage.

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $32 million primarily from higher technology related costs, higher contracted services and increased maintenance and service costs on buildings.

Customer Billing and Accounting

In 2025, as compared to 2024, customer billing and accounting increased $20 million primarily due to an increase in customer uncollectible expense.

Depreciation and Amortization

In 2025, as compared to 2024, depreciation and amortization increased $111 million primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

In 2025, as compared to 2024, general taxes increased $24 million primarily due to New Jersey Gross Receipts Tax, incremental property taxes and higher capital stock taxes.

Other Income (Expense)

In 2025, as compared to 2024, other expenses increased $76 million primarily due to higher interest expense from the issuance of incremental long-term debt. Other expenses also increased due to higher net periodic pension costs. These increases were partially offset by an increase in AFUDC in 2025.

Provision for Income Taxes

In 2025, as compared to 2024, the Regulated Businesses' provision for income taxes increased $19 million. The Regulated Businesses' effective income tax rate was 22.0% and 22.1% for the years ended December 31, 2025 and 2024, respectively.

Other

Presented in the table below is information for Other:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 417	$ 388	$ 314
Operation and maintenance	377	341	279
Depreciation and amortization	11	16	11
General taxes	23	19	19
Interest expense	(141)	(107)	(96)
Interest income	85	77	45
Other income	14	10	12
Provision for (benefit from) income taxes	(10)	6	(7)
Net loss attributable to common shareholders	$ (26)	$ (14)	$ (27)

Operating Revenues

In 2025, as compared to 2024, operating revenues increased $29 million from an increase in capital projects to provide water and wastewater services to military installations and municipal customers.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating supplies and services	$ 234	$ 195	$ 150
Maintenance materials and supplies	22	27	29
Employee-related costs	105	101	85
Production costs	11	10	9
Other	5	8	6
Total operation and maintenance expense	$ 377	$ 341	$ 279

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $39 million primarily due to increased costs associated with projects to provide water and wastewater services to military installations and municipal customers and $13 million of merger-related costs from the Essential Merger Agreement.

Interest Expense

In 2025, as compared to 2024, interest expense increased $34 million primarily due to higher average commercial paper borrowings.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and/or is effective as of February 18, 2026:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the SCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and became effective on August 28, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS, all of which were received as of February 13, 2026. See Note 5—Mergers, Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million. As of December 31, 2025, AWCC had no outstanding borrowings and $84 million of outstanding letters of credit under its revolving credit facility, with $1.1 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Net income	$ 1,111	$ 1,051	$ 944
Add (less):			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Other non-cash activities (a)	19	62	(9)
Changes in assets and liabilities (b)	(51)	40	76
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Net cash provided by operating activities	$ 2,059	$ 2,045	$ 1,874

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2025, cash flows provided by operating activities increased $14 million, primarily due to an increase in net income and depreciation, partially offset by the payment of CAMT liability, utilization of income tax receivables in the prior year and higher customer receivables and unbilled revenues in the current period.

The Company expects to make pension contributions to the plan trusts of $44 million in 2026. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Capital expenditures	$ (3,126)	$ (2,856)	$ (2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	$ (3,309)	$ (3,379)	$ (2,815)

In 2025, cash flows used in investing activities decreased $70 million primarily as a result of decreased payments for acquisitions, partially offset by increased payments for capital expenditures in 2025. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Transmission and distribution	$ 1,023	$ 882	$ 922
Treatment and pumping	438	305	322
Services, meter and fire hydrants	833	805	652
General structure and equipment	416	425	333
Sources of supply	121	163	88
Wastewater	295	276	258
Total capital expenditures	$ 3,126	$ 2,856	$ 2,575

In 2025, the Company's capital expenditures increased $270 million due to an increase across most infrastructure categories.

The Company also grows its business through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During 2025, the Company paid $71 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 18 acquisitions of various regulated water and wastewater systems during 2025, which added approximately 20,900 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $19 billion to $20 billion, with $17 billion to $17.5 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $46 billion to $48 billion over the next 10 years. In 2026, the Company expects to invest $3.7 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Proceeds from long-term debt, net of discount	$ 1,781	$ 1,437	$ 1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other financing activities, net (a)	73	47	62
Net cash provided by financing activities	$ 1,249	$ 1,110	$ 1,188

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2025, cash flows provided by financing activities increased $139 million, primarily due to higher issuances of long-term debt and higher short-term commercial paper borrowings in the current year. These increases were partially offset by higher repayments of long-term debt and dividend payments in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $10.7 billion. Additionally, as of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $4.0 billion.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. See Note 11—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A-" or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2025 and 2024, $1.7 billion and $1.4 billion, respectively, of debt securities were issued under this registration statement. During 2025, under this registration statement, parent company entered into the Forward Sale Agreements with an aggregate of 8,098,592 shares of its common stock at an initial forward price of $139.657 per share for an estimated aggregate net proceeds of approximately $1,131 million. During 2023, under a predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC (a)	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

(In millions)	2024 Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 3.89% and 4.65%, for the years ended December 31, 2025 and 2024, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2025	2024	2023
Total common shareholders' equity	40.6 %	42.4 %	44.2 %
Long-term debt and redeemable preferred stock at redemption value	47.9 %	51.4 %	52.9 %
Short-term debt and current portion of long-term debt	11.5 %	6.2 %	2.9 %
Total	100 %	100 %	100 %

The change in the capital structure mix in 2025 was mainly attributable to the increase in short-term commercial paper borrowings and the increase in long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2025, the Company's ratio was 0.59 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 18, 2026, as issued by Moody's Ratings on January 29, 2026, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2025, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2025 and 2024, the Company's regulatory asset balance was $1.2 billion, and its regulatory liability balance was $1.4 billion. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2025 and 2024, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.
- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.
- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality— Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.54%, 5.70% and 5.18% at December 31, 2025, 2024 and 2023, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.46%, 5.69% and 5.22% at December 31, 2025, 2024 and 2023, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.63% for 2025, 6.73% for 2024 and 6.79% for 2023. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2025, 5.00% for 2024 and 5.00% for 2023.

Presented in the table below are the allocations of the pension plan assets by asset category:

Asset Category	2026 Target Allocation	Percentage of Plan Assets as of December 31, 2025	2024
Equity securities	38 %	45 %	44 %
Fixed income	62 %	55 %	56 %
Total	100 %	100 %	100 %

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

Asset Category	2026 Target Allocation (a)	Percentage of Plan Assets as of December 31, 2025	2024
Equity securities	27 %	35 %	34 %
Fixed income	73 %	65 %	66 %
Total	100 %	100 %	100 %

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.45% for 2025 and 3.51% for both 2024 and 2023.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2025, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2025, the Company projects that medical inflation will be 7.00% in 2026 gradually declining to 5.00% in 2032 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.54% and 6.63%, respectively, for estimating its 2026 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.46% and 5.00%, respectively, for estimating its 2026 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2025 pension and postretirement total net benefit cost was $1 million and the 2024 pension and postretirement total net benefit credit was $3 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2026; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2025 and 2024 was $249 million and $219 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2025 and 2024, was $184 million and $96 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2025, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2025 would result in an increased annual interest expense of approximately $12 million.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed rate of 4.47%. When entering into treasury locks, the Company is subject to market risk with respect to changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2025, was in a gain position of $2 million. A hypothetical 1% adverse change in interest rates would result in a decrease in the fair value of the treasury locks to a loss position of approximately $21 million at December 31, 2025.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,154 million and $1,440 million, respectively, as of December 31, 2025. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 37,955	$ 35,059
Accumulated depreciation	(7,379)	(7,021)
Property, plant and equipment, net	30,576	28,038
Current assets:		
Cash and cash equivalents	98	96
Restricted funds	21	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	395	416
Income tax receivable	9	25
Unbilled revenues	433	315
Materials and supplies	112	103
Secured seller promissory note from the sale of the Homeowner Services Group	795	—
Other	328	231
Total current assets	2,191	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,132	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Operating lease right-of-use assets	85	89
Goodwill	1,156	1,144
Other	302	399
Total regulatory and other long-term assets	2,675	3,577
Total assets	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,605,170 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,642	8,598
Retained earnings	2,575	2,112
Accumulated other comprehensive income	6	12
Treasury stock, at cost (5,428,008 and 5,451,216 shares, respectively)	(388)	(392)
Total common shareholders' equity	10,837	10,332
Long-term debt	12,777	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,780	12,521
Total capitalization	23,617	22,853
Current liabilities:		
Short-term debt	1,588	879
Current portion of long-term debt	1,479	637
Accounts payable	378	346
Accrued liabilities	830	791
Accrued taxes	134	156
Accrued interest	140	111
Other	198	230
Total current liabilities	4,747	3,150
Regulatory and other long-term liabilities:		
Advances for construction	435	383
Deferred income taxes and investment tax credits	3,190	2,881
Regulatory liabilities	1,416	1,416
Operating lease liabilities	74	76
Accrued pension expense	167	217
Other	166	277
Total regulatory and other long-term liabilities	5,448	5,250
Contributions in aid of construction	1,630	1,577
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2025	2024	2023
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Weighted average common shares outstanding:			
Basic	195	195	193
Diluted	195	195	193

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Other comprehensive (loss) income, net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $0 and $(2) in 2025, 2024 and 2023, respectively	—	1	(3)
Defined benefit pension plan amortization of actuarial loss, net of tax of $0 in 2025, 2024 and 2023	1	—	4
Unrealized (loss) gain on cash flow hedges, net of tax of $(2), $9 and $0 in 2025, 2024 and 2023, respectively	(4)	39	(8)
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $(1), $0, $0 in 2025, 2024 and 2023, respectively	(3)	(2)	4
Net other comprehensive (loss) income	(6)	38	(3)
Comprehensive income attributable to common shareholders	$ 1,105	$ 1,089	$ 941

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2025	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,111	$ 1,051	$ 944
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Provision for losses on accounts receivable	48	31	24
Pension and non-pension postretirement benefits	1	(3)	(6)
Other non-cash, net	(30)	34	(27)
Changes in assets and liabilities:			
Receivables and unbilled revenues	(145)	(107)	(56)
Income tax receivable	16	61	28
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Accounts payable and accrued liabilities	97	111	70
Accrued taxes	(30)	92	21
Other assets and liabilities, net	11	(117)	13
Net cash provided by operating activities	2,059	2,045	1,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(3,126)	(2,856)	(2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	(3,309)	(3,379)	(2,815)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,781	1,437	1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Advances and contributions in aid of construction, net of refunds of $31, $33 and $25 in 2025, 2024 and 2023, respectively	67	39	60
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other, net	6	8	2
Net cash provided by financing activities	1,249	1,110	1,188
Net (decrease) increase in cash, cash equivalents and restricted funds	(1)	(224)	247
Cash, cash equivalents and restricted funds at beginning of period	140	364	117
Cash, cash equivalents and restricted funds at end of period	$ 139	$ 140	$ 364
Cash paid during the year for:			
Interest, net of capitalized amount	$ 568	$ 483	$ 445
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 350	$ 347	$ 399
Acquisition financed by treasury stock	$ 11	$ —	$ —
Non-cash financing activity:			
Settlements of long-term debt	$ 27	$ —	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity
(In millions, except per share data)

	Common Stock				Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	1,111	—	—	—	1,111
Common stock issuances (a)	0.2	—	44	—	—	—	(6)	38
Acquisitions via treasury stock	—	—	—	—	—	0.1	10	10
Net other comprehensive loss	—	—	—	—	(6)	—	—	(6)
Dividends ($3.31 declared per common share)	—	—	—	(648)	—	—	—	(648)
Balance as of December 31, 2025	200.6	$ 2	$ 8,642	$ 2,575	$ 6	(5.4)	$ (388)	$ 10,837

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $435 million and $398 million as of December 31, 2025 and 2024, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2025	2024
Cash and cash equivalents	$ 98	$ 96
Restricted funds	21	29
Restricted funds included in other long-term assets	20	15
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 139	$ 140

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note was accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note was accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8 —Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform utility tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2025 and 2024, on the Consolidated Balance Sheets are estimated refunds of $25 million and $21 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $50 million, $46 million and $40 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the revenue recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2025	2024	2023
Allowance for other funds used during construction	$ 42	$ 38	$ 41
Allowance for borrowed funds used during construction	26	21	24

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Retrospective	The Company adopted the standard as of December 31, 2025, including a recast of 2024 and 2023 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 14—Income Taxes for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2025, recently issued accounting standards not presented below were determined to be not applicable, or not material, to the Company:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting periods within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	Annual periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Government Grants Received by Business Entities	Introduces authoritative GAAP guidance for accounting and disclosure of government grants received by business entities, addressing the previous lack of specific guidance and reducing diversity in practice. The standard requires grants to be recognized when compliance with conditions is probable and receipt is likely, and allows presentation either as deferred income or as a reduction of related costs.	Annual periods beginning after December 15, 2028 and interim reporting periods within those annual reporting periods	Modified prospective, modified retrospective, or retrospective applications are permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2025, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2025	2024
Removal costs recoverable through rates	$ 323	$ 356
Deferred pension expense	276	318
Customer lead line replacements	80	86
Unamortized debt expense	84	84
Regulatory balancing accounts	65	71
Programmed maintenance expense	60	57
Purchase premium recoverable through rates	49	50
Other	195	128
Total (non-current) regulatory assets	1,132	1,150
Current regulatory assets (a)	22	19
Total regulatory assets	$ 1,154	$ 1,169

(a) Current regulatory assets are included in other current assets on the Consolidated Balance Sheets.

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $261 million and $304 million as of December 31, 2025 and 2024, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Other regulatory assets include depreciation related costs, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, service enhancement costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2025	2024
Income taxes recovered through rates	$ 959	$ 1,016
Removal costs recovered through rates	248	245
PFAS Multi-district litigation settlements	91	—
Postretirement benefit liability	43	71
Other	75	84
Total (non-current) regulatory liabilities	1,416	1,416
Current regulatory liabilities (a)	24	—
Total regulatory liabilities	$ 1,440	$ 1,416

(a) Current regulatory liabilities, which as of December 31, 2025, primarily consisted of PFAS Multi-district litigation settlements, are included in other current liabilities on the Consolidated Balance Sheets.

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

PFAS Multi-district litigation settlements represent payments from litigation related to certain per- and polyfluoroalkyl substances (collectively, "PFAS") the Company has received that the Company intends to pass back to customers, subject to regulatory approval from the PUCs. See Note 16—Commitments and Contingencies for additional information.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,557	$ —	$ 2,557
Commercial	981	—	981
Fire service	189	—	189
Industrial	195	—	195
Public and other	311	—	311
Total water services	4,233	—	4,233
Wastewater services:			
Residential	287	—	287
Commercial	86	—	86
Industrial	10	—	10
Public and other	39	—	39
Total wastewater services	422	—	422
Miscellaneous utility charges	49	—	49
Alternative revenue programs	—	12	12
Lease contract revenue	—	7	7
Total Regulated Businesses	4,704	19	4,723
Other	417	—	417
Total operating revenues	$ 5,121	$ 19	$ 5,140

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $171 million, $84 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract assets of $5 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023. There were $175 million of contract assets added during 2025, and $122 million of contract assets were transferred to accounts receivable during 2025. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024.

Contract liabilities of $19 million, $40 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract liabilities of $19 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023. There were $88 million of contract liabilities added during 2025, and $104 million of contract liabilities were recognized as revenue during 2025. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2025, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2031 and 2038 and have RPOs of $508 million as of December 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Mergers, Acquisitions and Divestitures

Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable public utility commissions on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations.

Acquisitions - Regulated Businesses

During 2025, the Company closed on 18 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $83 million, of which $81 million was funded in 2025, and which acquisitions added approximately 20,900 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,381 shares of parent company common stock, net of an indemnity escrow claim, and the Company's acquisition of Appalachian Utilities Inc. effective October 27, 2025, for a total consideration of $4 million, in the form of 25,159 shares of parent company common stock. Assets acquired from all 2025 acquisitions, principally utility plant, totaled $107 million and liabilities assumed totaled $36 million, including assumed debt of $12 million. The Company recorded goodwill of $12 million associated with six of its acquisitions, which is reported in the Company's Regulated Businesses segment. Eight of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, adding approximately 69,500 water and wastewater customers. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. The Company also recorded goodwill of $1 million. Seven of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021, the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note increased from 7.00% per year to 10.00% per year until maturity. As of December 31, 2025, this note was included as a current asset on the Consolidated Balance Sheets. The Company recognized $80 million, $77 million, and $50 million of interest income during the years ended December 31, 2025, 2024 and 2023, respectively, from this note. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note in full satisfaction of the Buyer's obligations thereunder.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2025	2024	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 317	$ 302		
Sources of supply	1,252	1,124	20 to 114 years	45 years
Treatment and pumping	5,093	4,786	2 to 119 years	40 years
Transmission and distribution	15,807	14,745	15 to 128 years	65 years
Services, meters and fire hydrants	7,046	6,356	2 to 109 years	28 years
General structures and equipment	3,116	2,813	2 to 109 years	16 years
Waste collection	2,124	1,986	5 to 145 years	52 years
Waste treatment, pumping and disposal	1,530	1,425	4 to 165 years	32 years
Construction work in progress	1,548	1,359		
Other plant	19	22	1 to 54 years	18 years
Total utility plant	37,852	34,918		
Nonutility property	103	141	3 to 50 years	16 years
Total property, plant and equipment	$ 37,955	$ 35,059		

Property, plant and equipment depreciation expense amounted to $776 million, $690 million and $617 million for the years ended December 31, 2025, 2024 and 2023, respectively, and was included in Depreciation and amortization expense in the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.82%, 2.73% and 2.68% for the years ended December 31, 2025, 2024 and 2023, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $350 million and $347 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In October 2025, the NJEDA issued to the Company the utilization certificate for the 2023 tax credits in the amount of $15 million. In December and January 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the Company recorded losses of $1 million, $2 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits to an external party. As of December 31, 2025, the Company had current assets of $15 million included in Other and $64 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2024 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2024, and expects to make the 2025 filing in April 2026, prior to the required filing deadline. The submitted filing is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2025	2024	2023
Balance as of January 1	$ (53)	$ (51)	$ (60)
Amounts charged to expense	(48)	(31)	(24)
Amounts written off	43	29	33
Balance as of December 31	$ (58)	$ (53)	$ (51)

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2025 and 2024:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2024	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$ 3,471	$ (2,332)	$ 113	$ (108)	$ 3,584	$ (2,440)	$ 1,144
Goodwill from acquisitions	12	—	—	—	12	—	12
Balance as of December 31, 2025	$ 3,483	$ (2,332)	$ 113	$ (108)	$ 3,596	$ (2,440)	$ 1,156

The Company completed its annual impairment testing of goodwill as of November 30, 2025, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2025.

In 2025, the Company acquired goodwill of $12 million associated with six of its acquisitions in the Regulated Businesses segment. In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment.

Note 9: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2025, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2025, 2024 or 2023. As of December 31, 2025, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2025, 2024 and 2023:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2023	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassification	—	—	—	(4)	1	(3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(4)	(3)	(6)
Ending balance as of December 31, 2025	$ (95)	$ 1	$ 75	$ 26	$ (1)	$ 6

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2025, 2024 and 2023, the Company paid $633 million, $585 million and $532 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2025	2024	2023
December	$ 0.8275	$ 0.7650	$ 0.7075
September	$ 0.8275	$ 0.7650	$ 0.7075
June	$ 0.8275	$ 0.7650	$ 0.7075
March	$ 0.7650	$ 0.7075	$ 0.6550

On December 5, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share payable on March 3, 2026, to shareholders of record as of February 10, 2026.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017 Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2025, 5.7 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2025, 2024 and 2023 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2025, 2024 and 2023. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2025	2024	2023
RSUs and PSUs	$ 30	$ 34	$ 23
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	32	36	25
Income tax benefit	(7)	(8)	(6)
Stock-based compensation expense, net of tax	$ 25	$ 28	$ 19

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2025, 2024 and 2023.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2025, 2024 and 2023, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2025, 2024 and 2023, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Shares of common stock are currently distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $12 million, $10 million and $9 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	75	$ 131.20
Granted	95	129.42
Vested	(60)	133.39
Forfeited	(11)	127.01
Non-vested total as of December 31, 2025	99	$ 128.63

As of December 31, 2025, $6 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.62 years. The total fair value of stock units and RSUs vested was $8 million, $9 million and $6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

During 2025, 2024 and 2023, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $27 million, $23 million and $28 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	322	$ 130.04
Granted	211	128.59
Vested	(74)	147.45
Forfeited	(81)	106.41
Non-vested total as of December 31, 2025	378	$ 130.93

As of December 31, 2025, $8 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.85 years. The total fair value of PSUs vested was $26 million, $23 million and $31 million for the years ended December 31, 2025, 2024 and 2023, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company's common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2025	2024	2023
Expected volatility	23.25%	22.98%	25.45%
Risk-free interest rate	4.27%	4.39%	4.31%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$118.29	$118.95	$168.00

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2025, there were 1.3 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2025, 2024 and 2023, the Company issued approximately 84,000, 90,000 and 87,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2025	2024
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.24%	2026-2055	$ 12,961	$ 11,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	187
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.41%	2026-2061	717	761
Mortgage bonds—fixed rate	6.35%-9.19%	7.37%	2026-2039	435	456
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.23%		14,303	13,193
Unamortized debt discount, net (b)				(27)	(20)
Unamortized debt issuance costs				(17)	(15)
Less current portion of long-term debt				(1,479)	(637)
Total long-term debt				$ 12,780	$ 12,521

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $709 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2025.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00. In addition, the Company has $773 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.61%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2026	$ 1,479
2027	646
2028	869
2029	938
2030	517
Thereafter	9,854

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

The Company incurred debt issuance costs of $17 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A-" or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $1,590 million and $880 million as of December 31, 2025 and 2024, respectively, or net of discount $1,588 million and $879 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2025	2024
Average borrowings	$ 1,170	$ 161
Maximum borrowings outstanding	$ 1,595	$ 880
Weighted average interest rates, as of December 31	3.89 %	4.65 %

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2025	2024	2023
Gross receipts and franchise	$ 151	$ 140	$ 134
Property and capital stock	134	125	119
Payroll	43	41	38
Other general	20	14	16
Total general taxes	$ 348	$ 320	$ 307

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2025	2024	2023
Current income taxes:			
State	$ 25	$ 16	$ 16
Federal	151	136	28
Total current income taxes	$ 176	$ 152	$ 44
Deferred income taxes:			
State	$ 36	$ 53	$ 44
Federal	100	104	165
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	135	156	208
Provision for income taxes	$ 311	$ 308	$ 252

Presented in the table below is a reconciliation between the statutory federal tax rate and the Company's effective tax rate for the years ended December 31:

	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
U.S. federal statutory tax rate	$ 299	21.0 %	$ 285	21.0 %	$ 251	21.0 %
State and local income taxes, net of federal income tax effect (a)	48	3.4 %	54	4.0 %	48	4.0 %
Nontaxable or nondeductible items	5	0.4 %	5	0.3 %	4	0.3 %
Change in unrecognized tax benefits	(8)	(0.6)%	2	0.2 %	3	0.2 %
Other adjustments:						
Excess accumulated deferred income taxes	(39)	(2.8)%	(37)	(2.7)%	(51)	(4.2)%
Other	6	0.5 %	(1)	(0.1)%	(3)	(0.2)%
Effective tax rate	$ 311	21.9 %	$ 308	22.7 %	$ 252	21.1 %

(a) The states that made up the majority (greater than 50 percent) of the tax effect in this category were: (i) for 2025, Pennsylvania and Illinois, (ii) for 2024, Pennsylvania and California, and (iii) for 2023, Pennsylvania and Illinois.

Presented in the table below is the disaggregation of income taxes paid (refunds received), net of refunds received of $29 million, $5 million and $30 million in 2025, 2024 and 2023, respectively, for the years ended December 31:

	2025	2024	2023
Federal	$ 185	$ —	$ 12
State	5	(5)	(12)
Total	$ 190	$ (5)	$ —

Income taxes paid (net of refunds received) exceeded 5% of total income taxes paid (net of refunds received) in the following states for the years ended December 31:

	2025	2024	2023
State:			
Iowa	*	$ (1)	*
Kentucky	*	$ (2)	*
Massachusetts	*	*	$ (2)
New Jersey	*	*	$ (23)
Pennsylvania	*	$ (1)	$ 13
Tennessee	*	*	$ 1

(*) Jurisdiction below the threshold for the period presented.

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2025	2024
Deferred tax assets:		
Advances and contributions	$ 519	$ 493
Tax losses and credits	215	128
Regulatory income tax assets	161	181
Pension and other postretirement benefits	31	64
Other	166	163
Total deferred tax assets	1,092	1,029
Valuation allowance	(9)	(8)
Total deferred tax assets, net of allowance	$ 1,083	$ 1,021
Deferred tax liabilities:		
Property, plant and equipment	$ 4,021	$ 3,553
Deferred pension and other postretirement benefits	75	86
Other	157	244
Total deferred tax liabilities	4,253	3,883
Total deferred tax liabilities, net of deferred tax assets	$ (3,170)	$ (2,862)

As of December 31, 2025 and 2024, the Company had state net operating loss (“NOL”) carryforwards of $246 million and $251 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards generally expire in 2026 through 2045, however, certain states have adopted the federal provisions allowing for an unlimited carryforward period.

On July 4, 2025, the One Big Beautiful Bill Act (the “OBBB”) was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company’s Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

The Inflation Reduction Act of 2022 (the “IRA”) contains a 15% Corporate Alternative Minimum Tax (“CAMT”) provision on applicable corporations. To determine if a company is considered an applicable corporation subject to CAMT, the company’s average adjusted financial statement income (“AFSI”) for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of December 31, 2025 and 2024, the Company had CAMT credit carryforwards of $200 million and $111 million, respectively. The deferred tax asset related to the CAMT credit carryforward will be realized to the extent the Company's deferred tax liabilities exceed the CAMT credit carryforward. The Company's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future, and therefore, no valuation allowance is required.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2020 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2023	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203
Increases in current period tax positions	31
Decreases in prior period measurement of tax positions	(118)
Balance as of December 31, 2025	$ 116

If the Company sustains all of its positions as of December 31, 2025, excluding interest and penalties, there would be no impact on the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2025 and 2024.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2023	$ 11
Increases in valuation allowance	—
Balance as of December 31, 2023	$ 11
Decreases in valuation allowance	(3)
Balance as of December 31, 2024	$ 8
Increases in valuation allowance	1
Balance as of December 31, 2025	$ 9

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001, except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2025, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Cash	$ 23	$ 23	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	158	40	—	—	118	11 %
U.S. small cap	32	32	—	—	—	2 %
International	299	—	—	—	299	21 %
Real estate fund	122	—	—	—	122	9 %
REITs	7	—	—	—	7	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	257	194	13	—	50	19 %
Corporate bonds	459	—	459	—	—	33 %
Mortgage-backed securities	5	—	5	—	—	— %
Municipal bonds	18	—	18	—	—	1 %
Guarantee annuity contracts	31	—	—	31	—	2 %
Total	$ 1,411	$ 289	$ 495	$ 31	$ 596	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3 %
Equity securities:						
U.S. large cap	155	29	—	—	126	11 %
U.S. small cap	34	34	—	—	—	2 %
International	258	—	—	—	258	19 %
Real estate fund	120	—	—	—	120	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17 %
Corporate bonds	489	—	489	—	—	35 %
Mortgage-backed securities	6	—	6	—	—	— %
Municipal bonds	20	—	20	—	—	2 %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100 %

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024, respectively.

The Company’s 2026 target pension plan asset allocation is 38% equity securities and 62% fixed income securities. The Company’s 2025 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Bargained VEBA:						
Cash	$ 5	$ 5	$ —	$ —	$ —	5 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	85	—	85	—	—	85 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 100	$ 12	$ 88	$ —	$ —	100 %
Active VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	12 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	8 %
Corporate bonds	19	—	19	—	—	76 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 25	$ 5	$ 20	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	35 %
International	31	31	—	—	—	24 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	50	—	50	—	—	38 %
Total non-bargained VEBA	$ 131	$ 81	$ 50	$ —	$ —	100 %
Total	$ 256	$ 98	$ 158	$ —	$ —	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	83	—	83	—	—	86 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7 %
Corporate bonds	23	—	23	—	—	82 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	36 %
International	30	30	—	—	—	23 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	48	—	48	—	—	38 %
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100 %
Total	$ 253	$ 95	$ 158	$ —	$ —	100 %

The Company's 2026 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,560	$ 1,622	$ 225	$ 247
Service cost	15	17	2	2
Interest cost	87	83	12	12
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	35	(55)	3	(18)
Settlements	—	(2)	—	—
Gross benefits paid	(179)	(105)	(22)	(22)
Federal subsidy	—	—	1	1
Benefit obligation as of December 31,	$ 1,518	$ 1,560	$ 224	$ 225
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,392	$ 1,431	$ 253	$ 258
Actual return on plan assets	152	19	19	11
Employer contributions	46	49	3	3
Plan participants' contributions	—	—	3	3
Settlements	—	(2)	—	—
Benefits paid	(179)	(105)	(22)	(22)
Fair value of plan assets as of December 31,	$ 1,411	$ 1,392	$ 256	$ 253
Funded value as of December 31,	$ (107)	$ (168)	$ 32	$ 28
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 62	$ 51	$ 33	$ 29
Current liability	(2)	(2)	—	—
Noncurrent liability	(167)	(217)	(1)	(1)
Net amount recognized	$ (107)	$ (168)	$ 32	$ 28

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Net actuarial loss	$ 289	$ 337	$ 9	$ 13
Prior service credit	(2)	(5)	(52)	(84)
Net amount recognized	$ 287	$ 332	$ (43)	$ (71)
Regulatory assets (liabilities)	$ 261	$ 304	$ (43)	$ (71)
Accumulated other comprehensive income	26	28	—	—
Total	$ 287	$ 332	$ (43)	$ (71)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Projected benefit obligation	$ 912	$ 916
Fair value of plan assets	743	697

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Accumulated benefit obligation	$ 849	$ 852
Fair value of plan assets	743	697

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2026 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2026 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2026	$ 119	$ 22	$ 1
2027	121	22	1
2028	121	21	1
2029	122	21	1
2030	122	20	—
2031-2035	590	88	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2025	2024	2023	2025	2024	2023
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.54%	5.70%	5.18%	5.46%	5.69%	5.22%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				7.00% in 2026	6.50% in 2025	6.75% in 2024
				to 5.00% in 2032+	to 5.00% in 2031+	to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Expected return on plan assets	6.63%	6.73%	6.79%	5.00%	5.00%	5.00%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.50% in 2025	6.75% in 2024	7.00% in 2023
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2031+

NOTE: "N/A" in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each of the plans' projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company's pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.63% to estimate its 2025 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2025 other postretirement benefit costs.

For the years ended December 31, 2025, 2024 and 2023, the Company's mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2025	2024	2023
Components of net periodic pension benefit cost (credit):			
Service cost	$ 15	$ 17	$ 17
Interest cost	87	83	85
Expected return on plan assets	(90)	(94)	(94)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	21	22	13
Settlements	—	1	1
Net periodic pension benefit cost (credit)	$ 30	$ 26	$ 19
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ —	$ (1)	$ 3
Amortization of actuarial loss	(1)	—	(4)
Total recognized in other comprehensive income	(1)	(1)	(1)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 29	$ 25	$ 18
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 2
Interest cost	12	12	14
Expected return on plan assets	(12)	(12)	(12)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	—	2
Net periodic other postretirement benefit (credit) cost	$ (29)	$ (29)	$ (25)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $15 million and $14 million for 2025, 2024 and 2023, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $19 million, $18 million and $17 million for 2025, 2024 and 2023, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.5 billion as of December 31, 2025.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. The Company purchased $138 million, $129 million and $125 million of water under these agreements during 2025, 2024 and 2023, respectively. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2026	$ 83
2027	77
2028	78
2029	79
2030	55
Thereafter	968

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2025, the Company has accrued approximately $8 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of expected insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2025	2024	2023
Numerator:			
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Denominator:			
Weighted average common shares outstanding—Basic	195	195	193
Effect of dilutive common stock equivalents	—	—	—
Effect of dilutive forward sale agreements	—	—	—
Weighted average common shares outstanding—Diluted	195	195	193

The effect of dilutive common stock equivalents is related to outstanding RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based awards were excluded from the computation of diluted EPS for the years ended December 31, 2025, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. There were less than one million shares related to the Forward Sale Agreements included in the computation of diluted EPS for the year ended December 31, 2025.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS was $795 million as of December 31, 2025 and 2024. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note, see Note 5—Mergers, Acquisitions and Divestitures for additional information. The accounting fair value measurement of the secured seller promissory note approximated $798 million and $793 million as of December 31, 2025 and 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note was classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,256	11,653	1,065	616	13,334

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	32	—	—	32
Deposits	124	—	—	124
Other investments:				
Money market and other	20	—	—	20
Fixed-income securities	28	7	—	35
Mark-to-market derivative asset	—	2	—	2
Total assets	245	9	—	254
Liabilities:				
Deferred compensation obligations	38	—	—	38
Total liabilities	38	—	—	38
Total assets	$ 207	$ 9	$ —	$ 216

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $20 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of December 31, 2025, the Company had current assets of $55 million included in Other and had no long-term assets on the Consolidated Balance Sheets for other investments measured and recorded at fair value. As of December 31, 2024, the Company had current assets of $71 million included in Other and $44 million of other long-term assets included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2025			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 36	$ —	$ 1	$ 35

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 6
1 year - 5 years	18
5 years - 10 years	4
Greater than 10 years	7
Total	$ 35

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, four years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $142 million and $143 million as of December 31, 2025 and 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2026 through 2030, and $33 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $13 million, $12 million and $11 million for the years ended December 31, 2025, 2024 and 2023, respectively.

For the years ended December 31, 2025, 2024 and 2023, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $12 million, $11 million, $11 million. For the years ended December 31, 2025, 2024 and 2023, ROU assets obtained in exchange for new operating lease liabilities were $8 million, $11 million, $11 million.

As of December 31, 2025, 2024 and 2023, the weighted-average remaining lease term of the operating leases were 18 years, 18 years, 17 years and the weighted-average discount rate of the operating leases was 5%, 5%, 4%.

The future maturities of lease liabilities at December 31, 2025, were $11 million in 2026, $11 million in 2027, $9 million in 2028, $8 million in 2029, $6 million in 2030 and $83 million thereafter. At December 31, 2025, imputed interest was $46 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,723	$ 417	$ 5,140
Less:			
Operation and maintenance (a)	1,642	377	2,019
Other segment items (b)	271	9	280
Depreciation and amortization	883	11	894
Interest expense	474	141	615
Interest income	(5)	(85)	(90)
Provision for (benefit from) income taxes	321	(10)	311
Net income (loss) attributable to common shareholders	$ 1,137	$ (26)	$ 1,111
Total assets	$ 32,649	$ 2,793	$ 35,442
Capital expenditures	$ 3,112	$ 14	$ 3,126

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2025, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains its Insider Trading Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the Insider Trading Policy and the related practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
2.3#	Purchase and Sale Agreement, dated as of May 19, 2025, between American Water Works Company, Inc. and Nexus Regulated Utilities, LLC (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.8	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.9	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.10	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.11	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).

Exhibit Number	Exhibit Description
4.12	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.13	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.14	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.15	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.16	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.17	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.18	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.19	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.20	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.21	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.22	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.23	Officers' Certificate, dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
4.24	Officers' Certificate, dated August 8, 2025, establishing the 5.700% Senior Notes due 2055 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (incorporated by reference to Exhibit 4.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.4	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.5	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.6	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.7	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.8	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.9*	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).

Exhibit Number	Exhibit Description
10.10*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.11*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.12*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.13*	Offer Letter for Employment, dated September 30, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 29, 2025).
10.14*	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Company, Inc. and Melanie Kennedy (incorporated by reference to Exhibit 10.13 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.15*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.16*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.17.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.17.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19. 2019).
10.18*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.19.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.19.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.20*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.21.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.21.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.22.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.22.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.22.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.5*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.6*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.10 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO) (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.10*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).

Exhibit Number	Exhibit Description
10.22.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.22.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.22.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.22.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.22.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.27 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.29 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.25*	Amendment to Form of 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (incorporated by reference to Exhibit 10.16.30 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.30*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.10 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.22.33*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 30, 2025).
10.23*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.24*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.25.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.25.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.25.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.25.4*	American Water Works Company, Inc. Amendment 2025-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated June 4, 2025 (filed herewith).
10.25.5*	American Water Works Company, Inc. Amendment 2025-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 10, 2025 (filed herewith).

Exhibit Number	Exhibit Description
10.26.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.26.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.26.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company' Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.27	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective December 9, 2025 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Agreement and Plan of Merger filed as Exhibit 2.2, the Purchase and Sale Agreement filed as Exhibit 2.3, and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.26.1, Exhibit 10.26.2 and Exhibit 10.26.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of February, 2026.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 18th day of February, 2026, by the following persons in the capacities indicated.

/s/ JOHN C. GRIFFITH	/s/ JEFFREY N. EDWARDS
John C. Griffith **President and Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ LISA A. GROW
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Lisa A. Grow** **(Director)**
/s/ MELISSA K. WIKLE	/s/ LAURIE P. HAVANEC
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Laurie P. Havanec** **(Director)**
/s/ JULIA L. JOHNSON	/s/ PATRICIA L. KAMPLING
Julia L. Johnson **(Director)**	**Patricia L. Kampling** **(Director)**
/s/ KARL F. KURZ	/s/ MICHAEL L. MARBERRY
Karl F. Kurz **(Board Chair)**	**Michael L. Marberry** **(Director)**
/s/ STUART M. McGUIGAN	/s/ RAFFIQ NATHOO
Stuart M. McGuigan **(Director)**	**Raffiq Nathoo** **(Director)**

Exhibit 10.25.4

AMENDMENT 2025-1
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

WHEREAS, American Water Works Company, Inc. (the "Company") sponsors the Pension Plan For Employees of American Water Works Company, Inc. And Its Designated Subsidiaries (the "Plan") and its corresponding trust for the benefit of its eligible employees; and

WHEREAS, Section 16.1 of the Plan authorizes the Benefits Administration Committee of American Water Works Company, Inc. and Its Designated Beneficiaries (the "Committee") to amend the Plan for amendments that do not have a material cost; and

WHEREAS, the Committee desires to amend the Plan to permit a terminated participant who has applied for Social Security disability benefits and elected an early retirement benefit to prospectively convert the early retirement benefit to a disability retirement benefit, regardless of the annuity starting date; and

WHEREAS, this "Amendment" shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW THEREFORE, BE IT RESOLVED, that by virtue of the authority reserved to the Committee under Section 16.1 of the Plan, the Plan is hereby amended as follows:

1. Effective as of January 1, 2023, Section 4.2(c) of the Plan (Early Retirement) is amended to read as follows:

   "(c) In the event a Participant (1) applies for Social Security disability benefits while they are employed (including employment during leave of absence), (2) subsequently commences payment of their Early Retirement benefit under Section 4.2, and (3) receives an award of total and permanent disability from the Social Security Administration, such Participant shall be eligible to receive an adjusted pension benefit as a Disability Retirement under Section 4.3 (provided that the Participant qualifies for such Disability Retirement under Section 4.3) retroactive to their Annuity Starting Date under clause (2) above. For purposes of clarity, a Participant for whom payment of their Early Retirement benefit has not yet commenced as of their elected Annuity Starting Date due to administrative delay shall be treated as having commenced payment of their Early Retirement benefit as of their elected Annuity Starting Date."

2. Effective as of January 1, 2023, Section 4.3(d) of the Plan (Disability Retirement) is amended to read as follows:

   "(d) A terminated Participant shall be eligible to convert an Early Retirement benefit that has commenced pursuant to Section 4.2 to a Disability

Retirement benefit under this Section 4.3 to the extent the provisions of Section 4.2(c) apply."

IN WITNESS WHEREOF, this Amendment has been executed this 4th day of June, 2025.

BENEFITS ADMINISTRATION COMMITTEE OF AMERICAN WATER WORKS COMPANY, INC. AND ITS DESIGNATED SUBSIDIARIES

By: /s/ Martin Falkenberg

Title: SVP HR Operations

Exhibit 10.25.5

AMENDMENT 2025-2
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

WHEREAS, American Water Works Company, Inc. (the "Company") sponsors the Pension Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries (the "Plan") and its corresponding trust for the benefit of its eligible employees;

WHEREAS, the Company has approved the purchase of one or more group annuity contracts ("GACs") to settle portions of the Plan's liabilities for certain in-pay status retirees and beneficiaries ("Retiree Lift-Out");

WHEREAS, Section 16.1 of the Plan authorizes the Benefits Administration Committee of American Water Works Company, Inc. and Its Designated Beneficiaries (the "Benefits Administration Committee") to amend the Plan in whole or in part at any time and from time to time, provided that any such amendment is administrative in nature, required by law, or does not materially increase the cost of the Plan to the Company, as determined by the Company's Treasurer in consultation with the Company's Chief Financial Officer;

WHEREAS, the Benefits Administration Committee desires to amend the Plan to reflect the Retiree Lift-Out; and

WHEREAS, this "Amendment" shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW THEREFORE, BE IT RESOLVED, that by virtue of the authority reserved to the Benefits Administration Committee under Section 16.1 of the Plan, Article VII of the Plan is hereby amended, effective as of December 10, 2025, to add a new Section 7.3 to read, in its entirety, as follows:

"Section 7.3 2025 Group Annuity Contract Purchase. Notwithstanding any other provision in the Plan, on December 10, 2025 (or as soon as practicable thereafter), the Plan shall purchase one or more annuity contracts (such term to include group annuity contract(s) ('GACs')) in accordance with, and to effect, the following:

(a) The entire benefit rights of the Annuitized Individuals (as defined in subsection (e) of this Section 7.3) shall be:

(i) fully guaranteed by an insurance company licensed to do business in one of the United States of America;

(ii) legally enforceable by the Annuitized Individual solely against the insurance company and against no other person, including the Plan; and

(iii) guaranteed by such insurance company by way of an irrevocable commitment to pay the benefit liabilities with respect to the Annuitized Individual.

(b) A certificate that describes the benefits to which the Annuitized Individual is entitled shall be issued to the Annuitized Individual by the insurance company.

(c) After the group annuity contract purchase described in this Section, the Annuitized Individual shall no longer be a Participant under the Plan, shall no longer have any rights under the Plan, and the Plan shall have no further obligation to make any payment with respect to any benefit of an Annuitized Individual, including with respect to any survivor, beneficiary, or other person claiming by or through the Annuitized Individual. The Plan shall not be the contract-holder of the group annuity contract nor shall such group annuity contract be held as an asset of the Plan.

(d) The group annuity contract shall provide for the continued payment of the Annuitized Individual's benefit in the same form that was in effect under the Plan immediately before the group annuity contract purchase, giving effect to any applicable beneficiary, joint pensioner, contingent annuitant, joint annuitant or similar designation, survivor benefit election, and/or qualified domestic relations order.

(e) For purposes of this Section, an 'Annuitized Individual' is a Participant or any other person who is entitled under the Plan to receive a benefit payable hereunder and who, in each case, satisfies the following conditions:

(i) if the person is a Participant, spouse or in pay status designated beneficiary, the Plan issued the first payment (or first payments) for such Participant's, Spouse's or designated beneficiary's benefit under the Plan, as applicable, on or before September 1, 2025;

(ii) if the person is not a Participant, spouse or in pay status designated beneficiary, such person's benefit under the Plan derives from the benefit of a Participant described in subsection (e)(i) of this Section 7.3;

(iii) as of the date of the annuity purchase, each of such person's benefit under the Plan is being paid in the form of an annuity in the amount of $1,725 per month or less; and

(iv) such person does not belong to any of the excluded categories described in subsection (f) of this Section 7.3.

(f) Members of the following specified categories and classes of Participants, spouses, designated beneficiaries, and alternate payees in the Plan shall be excluded from designation as an Annuitized Individual under subsection (e) of this Section 7.3:

(i) Participants, spouses, designated beneficiaries or alternate payees whose accrued benefits under the Plan are determined with reference to a domestic relations order, or other process issued by a court or administrative agency;

(ii) Participants, spouses or designated beneficiaries who reside in New York state;

(iii) A Participant who is still within two years of the date payments to the Participants began under Section 6.1(a) of the Plan;

(iv) Participants, spouses, designated beneficiaries or alternate payees whose accrued benefits under the Plan are payable pursuant to the terms of the legacy GACs with Principal Life Insurance Company and John Hancock Life Insurance Company (U.S.A.)

(v) Participants, spouses or designated beneficiaries whose accrued benefits under the Plan are offset or reduced by the amount of payments or entitlements due under another employee benefit plan or insurance contract or by deduction other than state or federal tax; and

(vi) Any individual otherwise excluded on the basis of criteria determined by the Administration Committee (or its delegate) and applied on a uniform and non-discriminatory basis."

IN WITNESS WHEREOF, this Amendment has been executed this 10th day of December 2025.

BENEFITS ADMINISTRATION COMMITTEE OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

By: /s/ Martin Falkenberg

Title: SVP HR

POLICY DOCUMENT

AMERICAN WATER

nsider Trading and Prohibited Transactions Policy

pplicability:	American Water Works Company, Inc., and its controlled subsidiaries (individually or collectively, "American Water" or the "Company")	**Last Updated:** December 1, 2024 **Executive Sponsor:** Executive Vice President and General Counsel **Policy Owner:** Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Policy governs securities trading and transactions and the confidentiality of material, non-public information related to the Company. This Policy has been adopted by the Company's Board of Directors to promote compliance with Securities Laws that prohibit trading in securities on the basis of material non-public information.

This Policy applies to transactions in Company Securities and Derivative Securities. The Policy also applies to transactions in Other Securities of an entity other than the Company, when (i) a Covered Person is aware of material, non-public information regarding that entity and (ii) the information is obtained through the Company or by virtue of a person's employment or other relationship with the Company.

It is important that all Covered Persons review the Policy carefully and periodically. Noncompliance with the Policy is grounds for immediate sanctions, including but not limited to termination of employment or service. Trading on the basis of material non-public information is also a serious violation of Securities Laws, leading potentially to both civil and criminal penalties.

Section X contains a list of definitions for capitalized terms used in this Policy.

II. POLICY STATEMENT

All persons or entities subject to this Policy have ethical and legal obligations to (i) maintain the confidentiality of information about the Company and (ii) not engage in Covered Transactions while aware of material non-public information at the time of the transaction. In all cases, the responsibility for determining whether a person or entity is aware of material non-public information rests with that person or entity.

Furthermore, the Policy prohibits certain other transactions, called "Prohibited Transactions", that tend to focus on short-term profit or loss, rather than the long-term success of the Company. By eliminating Prohibited Transactions, the Company seeks to align the interests of Covered Persons with the Company's business strategy and the Company's long-term shareholders. These transactions are prohibited even in circumstances where a Covered Person may not be aware of any material non-public information.

Except as specifically noted herein, there are no exceptions to this Policy.

III. THE INSIDER TRADING POLICY

A. Who is Covered by the Policy?

This policy applies to all Covered Persons, and to Family Members and Controlled Entities of Covered Persons, as further described below. Each Covered Person is individually responsible for complying with this Policy. A Covered Person is also responsible for transactions of the Covered Person's Family Members and Controlled Entities. For the purposes of this Policy and the Securities Laws, each Covered

Person should treat all transactions by Family Members or Controlled Entities as if the transactions were for the Covered Person's own account. Therefore, a Covered Person must make their Family Members aware of the need to communicate with the Covered Person before a Family Member or any related Controlled Entity engages in a transaction covered by this Policy.

A Covered Person may continue to be subject to the Policy after the end of employment or service with the Company. If a Covered Person is aware of material non-public information when employment or service with the Company ends for any reason, the Covered Person (including Family Members and Controlled Entities) may not engage in Covered Transactions (as described in Section III.D of this Policy) until that information has become public or is no longer material. A determination as to whether, and for how long, a Covered Person may remain as such following such person's resignation, retirement, or termination of service from the Company, may be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer in appropriate circumstances.

B. What is Material Information?

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell Company Securities, Derivative Securities, or Other Securities. Any information that could reasonably be expected to affect the price of these securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data. Materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. The broadest interpretation should be given as to whether information is material, and it is important to review the information in context of other existing information and other surrounding facts and circumstances. The following is an illustrative list of information that could be regarded as material:

- Quarterly and annual earnings or losses and other similar financial information
- Earnings guidance or projections about earnings or other financial information, including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- Significant events associated with regulatory proceedings involving the Company's utility subsidiaries, including, without limitation, the initiation, termination and resolution of such proceedings;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related person transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation or investigations, including the resolution of or other significant developments with respect to any litigation or investigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption of or to the Company's operations;

- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

When in doubt as to the materiality of any non-public information, a Covered Person should refrain from entering into any transaction and consult with their manager or supervisor, or the Chief SEC Counsel.
If a manager discloses material non-public information to other persons, the manager must let them know that they are prohibited from engaging in transactions, except as permitted by this Policy or the Personal Securities Trading and Preclearance Practice, until such time as the information is no longer material or has been publicly disclosed by the Company, as explained in Section III.C below.

C. When is Information Considered Public?

Information that has not been broadly disclosed to investors and the trading markets is generally considered to be non-public information. For information to be publicly disclosed, information must have been broadly disseminated to investors and sufficient time given for the trading markets to process and absorb that information.

Information generally would be considered broadly disseminated if it has been disclosed through a:

- filing with the SEC, such as a Form 8-K or other report;
- press release issued via a national newswire service;
- broadcast on a broadly-available radio or television program; or
- publication in a newspaper or magazine with significant circulation (such as *The Wall Street Journal*).

By contrast, information would likely not be considered broadly disseminated if it is available only to the Company's employees or if it is only available to a select group of third parties. For example, disclosures made in regulatory proceedings, such as testimony given or briefs filed in rate cases, or in litigation proceedings, may be considered non-public for purposes of this Policy even though the information may no longer be viewed as confidential. Depending on the specific facts and circumstances, information on the Company's or another web site may or may not be broadly disseminated; thus, such information should not be viewed as publicly disclosed for purposes of this Policy unless determined otherwise by the Chief SEC Counsel after consultation with the General Counsel and/or Chief Financial Officer.

Once information is broadly disseminated, it is necessary to allow sufficient time for the investing public to absorb the information. As a general rule, and while specific facts may require or permit reaching a different conclusion, information should be considered absorbed by the marketplace when two full trading days have elapsed after the information is broadly disseminated.

Questions as to whether information may be considered public should be discussed with the Chief SEC Counsel.

D. What is a Covered Transaction?

The Policy applies to any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy (these are collectively referred to in this Policy as "Covered Transactions"). Issuers of Other Securities may be other

companies or entities with which the Company does business, such as a customer, vendor, contractor or supplier of the Company.

For purposes of this Policy, a Covered Transaction includes transactions even when nothing is received in exchange for the security, and regardless of whether the transaction is effected in the open market or in a privately-negotiated transaction.

The following are illustrative examples of Covered Transactions:

- ordinary open-market purchase and sales;
- gifts of securities;
- transfers or contributions of securities to a trust or other entity;
- private sales or transfers of securities, effected other than through a broker or a securities market;
- transfers among family members or other related parties;
- reorganizations of entities that own securities;
- transfers following death or incident to the divorce of the owner;
- transfers that may be required by a legal process, or a court or administrative order.

E. What Trading and Disclosure Activities are Prohibited by the Policy?

No Covered Person, Family Member or Controlled Entity who is aware of material non-public information may, directly or indirectly (including indirectly through Family Members, Controlled Entities or other persons who may not be aware of such information):

- engage in any Covered Transaction in Company Securities or Derivative Securities, except through a Rule 10b5-1 plan approved as provided in this Policy;
- engage in any Covered Transaction in Other Securities when aware of material non-public information about the other company;
- advise others, generally or specifically, concerning a Covered Transaction;
- disclose material non-public information (also called “tipping”) to persons within or outside the Company to any person who does not have a “need to know” that information, except for disclosures made in accordance with the Company’s policies regarding the protection or authorized external disclosure of information regarding the Company; or
- assist anyone in taking any of the foregoing actions.

These prohibitions remain in effect until the material non-public information is fully disclosed and broadly disseminated to the public, or until the information, although not disclosed, ceases to be material. For example, knowledge about an impending potential acquisition would no longer be material if the parties ultimately determine not to enter into an acquisition agreement.

F. Special Situations: Transactions under Company Plans

Transactions involving Company Securities and Derivative Securities under certain of the Company’s benefit and other plans are subject to the following rules:

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Stock option exercises	▪ the exercise of a Derivative Security, such as a stock option, acquired pursuant to a Company equity compensation plan; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements.	Any sale of Company Securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option.
Equity compensation plan awards	▪ the granting or vesting of Derivative Securities or Company Securities that are awards (including options, restricted stock units, performance stock units or shares of common stock) under any Company equity compensation plan that has been approved by the Company's stockholders; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements, if effected in compliance with the terms of a Company equity compensation plan or award.	Any simultaneous or subsequent sale of Company Securities.
ESPP	▪ any decision to enroll in the ESPP during an ESPP open enrollment period; ▪ any purchases of Company Securities through the ESPP resulting from a periodic contribution of money to the ESPP during a purchase period pursuant to a payroll contribution election; ▪ any changes in a payroll contribution election made in accordance with the terms of the ESPP; or ▪ any decision to terminate or suspend participation in the ESPP If the ESPP obtains Company Securities in open-market transactions rather than from the Company, enrollments in and changes in payroll contribution elections would become subject to the Policy. In this case, the Company would communicate this change to persons subject to the Policy.	Any sales of Company Securities purchased pursuant to the ESPP.

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Dividend reinvestment plans and programs	▪ An election to participate or terminate participation in American Water Stock Direct, the Company's direct stock purchase and dividend reinvestment plan (or any successor plan); ▪ purchases of Company Securities through American Water Stock Direct resulting solely from the automatic reinvestment of dividends paid on the Company's Securities; or ▪ purchases of Company Securities resulting solely from the automatic reinvestment of dividends paid on the Company's Securities pursuant to any dividend reinvestment program, plan or feature offered by a third-party broker or dealer (a "Broker DRP") that operates in a manner substantially similar to American Water Stock Direct. If Company Securities are provided to American Water Stock Direct in open-market transactions rather than directly from the Company, elections to participate in this plan would become subject to the Policy. In this case, the Company will communicate this change to persons subject to the Policy.	• An election to participate or terminate participation in a Broker DRP; • voluntary purchases of Company Securities resulting from additional contributions in American Water Stock Direct; or • any sale of any Company Securities received through any reinvestment of dividends on Company Securities, whether through American Water Stock Direct, a Broker DRP or otherwise.
Other transactions with the Company	Any other purchase of Company Securities from the Company or sales of Company Securities to the Company	N/A

G. <u>Rule 10b5-1 Plans</u>

Under SEC Rule 10b5-1, a purchase or sale of a security will not be deemed to have been made on the basis of material non-public information if the person making the trade demonstrates that the trade was made pursuant to a binding agreement or written plan entered into or adopted at a time that the person was not aware of any material nonpublic information, and otherwise complies with all of the other requirements of such rule. As used in this Policy, a Rule 10b5-1 plan refers to a written plan (a) regarding the method for effecting future transactions in securities entered into or adopted at a time when the person is not aware of material non-public information and (b) that complies with all of the requirements of such rule. A person that effects a transaction pursuant to a valid and compliant Rule 10b5-1 plan may have a defense against a claim that the transaction violated the U.S. federal insider trading rules.

Transactions under a Rule 10b5-1 plan as defined above will not be subject to this Policy if all of the following conditions below are met:

- The Rule 10b5-1 plan must comply and be operated in accordance with all applicable legal requirements, including under the Federal securities laws.
- The Rule 10b5-1 plan must be entered into during an open trading window and when a person is not aware of material non-public information, and should not involve complex trading mechanisms.

- The Rule 10b5-1 plan may be amended or terminated only (a) when a person is not aware of material non-public information and (b) in accordance with all of the requirements of Rule 10b5-1.
- The transaction must comply with all of the terms and conditions of the Rule 10b5-1 plan.
- All applicable requirements in the Personal Securities and Trading Preclearance Practice with respect to Rule 10b5-1 plans and SEC reporting requirements must be met.
- The Rule 10b5-1 plan must be reviewed and approved by the Chief SEC Counsel prior to any effecting any transactions, except that with respect to the review of a Rule 10b5-1 plan for any director or executive officer, the Chief SEC Counsel will consult with the Chief Executive Officer, the Chief Financial Officer and the General Counsel, who will collectively confer and determine whether to approve the Rule 10b5-1 plan.

H. Mutual Funds

Transactions in securities issued by mutual funds, exchange-traded funds, index funds or other "broad basket" funds that own or hold Company Securities as one of many investments are not subject to this Policy.

IV. PROHIBITED TRANSACTIONS

Even in circumstances where a director, officer or employee is not aware of material non-public information, they (including Family Members and Controlled Entities) may not engage in Prohibited Transactions, each of which is described in more detail below. These include:

- Short sales and "short sales against the box";
- Hedging transactions and other transactions in Derivative Securities; and
- Pledging and margin transactions

The ban on Prohibited Transactions seeks to focus directors, officers and employees on the long-term goals and prospects of the Company and to prevent them from being distracted by speculative trading in Company Securities or Derivative Securities. Also, the Company seeks to prevent such persons from limiting their investment risk in Company Securities.

The following is a brief description of each type of Prohibited Transaction:

- Short sales and "short sales against the box": A short sale is generally a sale of a security that the seller does not own, with the plan to repurchase the security at a later time when the price is lower. A short-seller generally must borrow the security from its owner to deliver it to the purchaser. A "short sale against the box" is generally a short sale involving a security that the seller owns but does not deliver to the purchaser.

  A short seller of Company Securities or Derivative Securities can profit from the transaction only to the extent the price of the security decreases. Short sales may reduce a seller's incentive to improve the Company's performance. In addition, under the Securities Laws, it is unlawful for any of the Company's directors or Section 16 officers to engage in short sales and certain "short sales against the box" of Company Securities or Derivative Securities.

  For these reasons, short sales and "short sales against the box" involving Company Securities and Derivative Securities by Company directors, officers and employees (and their Family Members and Controlled Entities) are prohibited.

- Hedging transactions: A hedging transaction with respect to a security is a transaction entered into for the purpose of reducing or eliminating the market price risk associated with the ownership of that security. A hedging transaction allows an investor to focus on short-term performance at the expense of long-term objectives.
  For example, if a person owns a Company Security, a hedging transaction can involve the purchase of a put option or the sale of a call option with respect to that security. Call options and put options allow the purchaser and the seller, in effect, to speculate in the price of the Company Security and minimize the risk incurred if the price were to change. In this example, a call option is a Derivative Security that entitles the holder to purchase a Company Security at a specified price at any time before a future date. A put option is a Derivative Security that entitles the holder to sell a Company Security at a specified price at any time before a future date. Hedging transactions may include transactions involving combinations of call options and put options, sometimes described as “spreads” or “collars.”

  Some additional examples of hedging transactions are:
  - a current sale of the security for delivery in the future, either at a fixed price or at a price that can fluctuate;
  - an agreement by the holder to exchange future investment results, such as dividends or market price changes, with respect to the security owned by such person for another fixed or variable investment return; or
  - the deposit of securities owned in a so-called “exchange fund,” which also owns the securities deposited by a number of other participants, in exchange for an ownership interest in the fund, thereby diversifying the risk of the ownership of the securities

Because hedging transactions can result in the misalignment between the ownership interest of the Company’s directors, officers and employees and those of the Company’s stockholders, no director, officer or employee (including Family Members or Controlled Entities) may engage in any of the transactions described above, in any purchase or sale of a Derivative Security, or in any other transaction of a similar nature (as determined by the Chief SEC Counsel, the General Counsel or the Chief Financial Officer) that has the effect of reducing or eliminating the investment risk associated with any Company Securities owned by such person.

To the extent they may be Derivative Securities, the granting, exercise, vesting and earning of awards issued under any of the Company’s equity compensation plans are not considered hedging transactions under this Policy; however, buying or selling any Derivative Security with respect to such securities is prohibited.

- Pledging and margin transactions: A pledge of Company Securities involves the offering of such securities to a lender as collateral for a loan. A margin of Company Securities involves the use of Company Securities in a margin account as collateral for an investment in securities.

  Any pledging or margining of Company Securities puts the shares of Company Securities at risk of sale if the loan is not repaid or if the value of securities subject to a pledge or held on margin decreases in value. For this reason, no director, officer or employee (including Family Members or Controlled Entities) may:

- pledge Company Securities as collateral for a loan or other obligation (such as to cover overdrafts or shortfalls in another account);
- use Company Securities as collateral in a margin account for a loan or for any other obligation in connection with the purchase of a security; or
- engage in any other similar transaction that has the effect of using Company Securities as collateral or security for a loan or any other obligation.

This prohibition applies whether the Company Securities have been acquired from the Company, in the open market or otherwise. However, this prohibition does not apply to any "cashless exercise" of a stock option issued under a Company equity compensation plan.

Because the default terms of many brokerage agreements may permit shares held in brokerage accounts to be marginable or used to secure another obligation, brokers should be instructed that Company Securities held in any such account must not be subject to any pledge, security interest or margin. Further, Company Securities or Derivative Securities should not be held in an account that allows pledging of the securities in the account or the purchase of any securities on margin.

V. RELATED PRACTICES AND REQUIREMENTS

Personal Securities Trading and Preclearance Practice

The Personal Securities Trading and Preclearance Practice issued under this Policy contains provisions that govern the preclearance and trading of Company Securities. A violation of the Practice is considered a violation of the Policy. You should consult the Practice before engaging in any transaction involving Company Securities.

Stock Ownership Guidelines and Stock Retention Requirements

The Board of Directors has adopted the Executive Stock Ownership Guidelines and Executive Stock Retention Requirements for employees at specified levels and has adopted stock ownership requirements for members of the Board of Directors. Any preclearance request will consider compliance with these guidelines and requirements before approval. If you are covered by these guidelines or requirements, please consult with the Chief SEC Counsel or the relevant documentation for more information.

VI. NON-COMPLIANCE

The violation of any insider trading prohibition, including the purchase and sale of securities while aware of material non-public information or the disclosure of material non-public information to others who then trade in the Company's Securities, Derivative Securities or Other Securities, is prohibited by the Securities Laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as foreign authorities. Securities Laws may also impose liability on companies and other persons in positions of control if they fail to take reasonable steps to prevent insider trading by Company personnel. There are no minimum requirements on the size of the transaction that can trigger insider trading liability. Relatively small trades have in the past led to civil and criminal investigations, and lawsuits.

There are strict criminal and civil penalties under the U.S. securities laws for committing illegal insider trading:

- A criminal prosecution can result in a fine of up to $5 million and imprisonment for up to 20 years for each act.

- In a civil action brought by the SEC, a person who has been found to have engaged in insider trading, or of having communicated material non-public information to another person who engages in insider trading, can be held liable for a penalty up to three times the profit gained, or the loss avoided.
- The SEC has the authority to obtain a court order barring a director or officer who has engaged in insider trading from serving, either permanently or for a period of time, as a director or officer of any public company.

In addition, an individual's failure to comply with this Policy may subject the individual to Company- imposed sanctions, including but not limited to termination of employment or service for cause, whether or not the person's failure to comply results in a violation of law. A violation of law, or even an SEC investigation that does not result in a prosecution, can tarnish a company's or person's reputation and irreparably damage a career.

VII. STRATEGIC OBJECTIVES

This Policy addresses strategic objectives for compliance with applicable Securities Laws related to insider trading, and to protect the Company's reputation for integrity and ethical conduct.

VIII. MONITORING

The Chief SEC Counsel, together with the General Counsel and Chief Compliance Officer, should periodically review the efficacy of this Policy in addressing the strategic objectives described above.

IX. WAIVERS; MODIFICATIONS

Waivers or exceptions to this Policy may be made only be the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The General Counsel shall maintain all documentation related to waivers or exceptions to this Policy in accordance with applicable document retention policies. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

X. DEFINITIONS

The following definitions apply to this Policy:

- *The Company*: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require
- *Chief SEC Counsel*: The person having the title or serving in the role of the Chief SEC Counsel, or their designee, or, in the absence of the Chief SEC Counsel and designee, the General Counsel
- *Company Securities*: Equity securities (common stock) and debt securities (debentures, bonds and notes) of the Company
- *Controlled Entity*: any corporation, partnership, limited liability company, trust or other entity (whether for-profit or not-for-profit) that is influenced or controlled by any Covered Person, or any Family Member or another Controlled Entity of a Covered Person
- *Covered Persons*: all directors, officers, employees, consultants and independent contractors of the Company
- *Covered Transactions:* any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy
- *Derivative Securities*: Contracts or instruments that derive value from the price of a Company Security

- *ESPP:* The Company and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, as it may be amended from time to time, including any predecessor or successor plan.
- *Family Members* with respect to a Covered Person include any of the following:
    - A spouse, child (including a child away at college), stepchild, parent, stepparent, mother-in-law or father in-law, of such Covered Person
    - Any other relative or person who lives in the household of such Covered Person, other than a domestic employee or tenant
    - Any other person who does not live the household of such Covered Person but whose transactions in Company Securities, Derivative Securities or Other Securities may be directed by the Covered Person or over which the Covered Person has the power to influence or control (regardless of whether the Covered Person actually directs, influences or controls a transaction)
- *Other Securities*: Securities of an entity other than the Company
- *Prohibited Transactions*: transactions described in Section IV of this Policy
- *SEC*: the U.S. Securities and Exchange Commission
- *Securities Laws*: applicable U.S. Federal, state and foreign securities laws

XI. CONTACT INFORMATION

The Chief SEC Counsel acts as a resource with respect to questions regarding this Policy, and to interpret any of the provisions of this Policy with respect to specific facts and circumstances. Questions about this Policy or its application should be directed to the Chief SEC Counsel, or, in their absence, the Company's General Counsel or Chief Financial Officer.

Appendix – Summary of Policies & Practices Related to Insider Trading and Prohibited Transactions Policy

Policy	Related Practices
Insider Trading and Prohibited Transactions Policy	Personal Securities Trading and Preclearance Practice
	Executive Stock Ownership Guidelines and Stock Retention Requirements
Code of Ethics	

PROCEDURE DOCUMENT

AMERICAN WATER

Exhibit 19.2

Personal Securities Trading and Preclearance Practice

Functional Owner: VP, Chief SEC Counsel & Secretary **Last Updated: December 9, 2025**

I. PURPOSE

This Practice has been adopted in connection with the Insider Trading and Prohibited Transactions Policy and sets forth requirements with respect to limitations on and the preclearance of transactions governed by that Policy.

Section VIII contains a list of definitions covering capitalized terms used in this Practice. Other capitalized terms not otherwise defined in this Practice have the meanings given to them in the Policy.

II. SCOPE

This Practice:

- establishes the use of trading windows and preclearance procedures with respect to transactions in Company Securities by members of the Preclearance Group;
- establishes certain practices with respect to Rule 10b5-1 plans; and
- describes SEC reporting requirements for Affiliates in connection with transactions in Company Securities.

III. TRADING WINDOWS

A member of the Preclearance Group may engage in transactions in Company Securities only during an open trading window. Covered transactions under the Policy are subject to this Practice. The Company maintains trading and other restrictions on accounts containing Company Securities related to the Company's equity plans, and may take additional actions deemed necessary or desirable to enforce the Policy and this Practice.

Opening of a Trading Window

A trading window generally opens at 9:30 a.m. ET on the trading day immediately following the expiration of two full trading days after the public release of the Company's earnings with respect to a completed fiscal period. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the opening of the trading window and, as noted below, in any changes to that opening date. Below are examples of the operation of this general rule with respect to the opening of the trading window:

Example 1: The Company releases for the first time its fiscal year-end earnings at 4:45 p.m. ET on Tuesday, February 21, 2017 (after the close of that day's trading). The trading window will open on Friday, February 24, 2017, at 9:30 a.m. ET.

Example 2: The Company releases for the first time its fiscal quarter earnings at 6:30 a.m. ET on Wednesday, May 3, 2017 (before the open of that day's trading). The trading window will open on Friday, May 5, 2017, at 9:30 a.m. ET.

Closing of a Trading Window

Once opened, a trading window generally closes at 4:00 p.m. ET on the later of (1) the second trading day of the last month of the fiscal quarter in which the trading window is opened, or (2) the fourth trading day after the trading window's opening day, unless it is closed earlier or as otherwise determined by the Company's General Counsel or the Company's Chief Financial Officer. Stated another way, unless closed earlier, the trading window will generally remain open for a minimum of five trading days. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the closing of the trading window and, as noted below, in any changes to the closing date. Below are examples of the operation of this general rule with respect to the closing of the trading window:

Example 1: If a trading window opens on Friday, February 24, 2017, at 9:30 a.m. ET, and assuming the window is not closed earlier, the trading window will close on Thursday, March 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (2) above.

Example 2: If a trading window opens on Friday, May 5, 2017, at 9:30 a.m. ET., and assuming the window is not closed earlier, the trading window will close on Friday, June 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (1) above.

Changes to Window Period Opening and Closing Dates

The Company may delay the opening of a trading window, determine not to open a trading window, or shorten or extend the length of any open trading window, at any time, and from time to time, if the Company believes that effecting transactions in Company Securities by any or all of the members of the Preclearance Group would be inappropriate or impermissible due to material developments at the Company or other developments that could become material. Any such decision will be made by the General Counsel or the Chief Financial Officer, in consultation with the Chief SEC Counsel.

If the opening of a trading window is delayed, the trading window would still close as described under "Closing of a Trading Window" above, unless it is extended.

The Chief SEC Counsel or their designee notifies Affiliates and Restricted Individuals regarding changes in the trading window opening and closing dates. However, the reason for the change may not be disclosed and, if the reason is known by an Affiliate or Restricted Individual, that person must not disclose the reason to any other person, except for disclosures permitted under the Company's Code of Ethics with respect to confidential information for persons who have a legitimate business reason to know the information. A trading window may not be opened, may close early, or may be extended, as to any or all of the members of the Preclearance Group.

IV. PRECLEARANCE PROCEDURES

All members of the Preclearance Group must preclear their transactions in Company Securities at any time, even during an open trading window. Preclearance means that, before the transaction may be effected, the transaction must be reviewed and approved by the Chief SEC Counsel, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer.

A request for preclearance should be submitted in writing by the Affiliate or Restricted Individual to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, to the General Counsel or Chief Financial Officer. Affiliates and Restricted Individuals will receive a notice that preclearance forms may be submitted, along with the proper preclearance form. A member of the Preclearance Group may not proceed with a transaction until notice of approved is received in writing

(including by an email from the Company's stock plan administrator). Any such approval will be valid only until the closing of the trading window, unless notice is given otherwise.

A transaction may be disapproved for many reasons. If the transaction has been disapproved, the circumstances of that decision may be disclosed to the person requesting preclearance. Unless the requester has been permitted to do so, the requester may not discuss the reasons for disapproval with anyone else.

V. DESIGNATED RESTRICTED INDIVIDUALS

From time to time, the Company may determine to limit the ability of persons who are not Restricted Individuals, or to further limit the ability of Restricted Individuals, to engage in transactions in American Water securities. In each case, such persons will be referred to hereunder as "Designated Restricted Individuals," and such persons will be prohibited or restricted, in whole or in part, and on a temporary or permanent basis, from engaging in transactions in Company Securities, depending on the specific circumstances.

Example 1: Individuals who are not Restricted Individuals may receive non-public information about the Company's financial results on a conference call and are told that they cannot engage in transactions in Company Securities until two full trading days have elapsed after the information is disclosed publicly. Such persons shall be considered Designated Restricted Individuals for purposes of this Practice.

Example 2: Individuals, some of whom are Restricted Individuals, working on a significant pending acquisition may be instructed that they cannot engage in any transactions in Company Securities, including during any open window period, until further notice. Such Persons shall be considered Designated Restricted Individuals for purpose of this Practice.

To the extent that instructions are given to a person who is already a Restricted Individual, and the Restricted Person is told to restrict transactions in Company Securities beyond the restrictions contained in this Practice, the Designated Restricted Individual must comply with those stricter restrictions until further notice, even if they would have otherwise been permitted to effect a transaction under this Practice.

VI. REPORTING OF TRANSACTIONS BY AFFILIATES

Affiliates must file certain reports with the SEC and New York Stock Exchange disclosing their beneficial holdings of Company Securities and any changes in those holdings. The Chief SEC Counsel and their designee will provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors to help them complete those filings. **However, in any event, the responsibility for complying with the Securities Laws with respect to transactions in Company Securities rests solely with the Affiliate**.

Rule 144

An Affiliate engaging in open-market sales of Company Securities must comply with Rule 144 of the Securities Act of 1933, including any obligation to file a Form 144. A Form 144 is required when a sale exceeds a specified number of shares or dollar amount of securities. The Affiliate should inform the broker handling the sale of Company Securities that a Rule 144 sale is being made and that a Form 144 should be filed with the SEC and New York Stock Exchange when the order to sell is placed. If necessary, the Chief SEC Counsel or their designee can provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors and their brokers with respect to this filing.

Section 16

If you are an Affiliate and you effect any transaction in Company Securities, including pursuant to a Rule 10b5-1 Plan, you (or, in the case of the Rule 10b5-1 plan transaction, the broker administering the plan) must immediately report the transaction to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer. You will be required to complete and file forms with the SEC and the New York Stock Exchange under Section 16 of the Securities Exchange Act of 1934 to report these transactions, generally within two business days after the date of the transaction. The Chief SEC Counsel and their designee will provide reasonable assistance to any Affiliate who is an employee of the Company or a member of the Board of Directors with respect to the obligation to file these forms.

VII. RULE 10B5-1 TRADING PLANS

The Policy describes Rule 10b5-1 trading plans and the requirements for implementing such a plan, or amending or terminating an existing Rule 10b5-1 plan. With respect to persons who are not Affiliates, a copy of the Rule 10b5-1 plan or any amendment thereof must be provided to the Chief SEC Counsel for review and approval at least ten business days prior to entry into such plan or amendment. Affiliates must generally provide greater advance notice to permit review of the Affiliate's Rule 10b5-1 plan and approval as required under the Policy. You may enter into, amend or terminate a Rule 10b5-1 plan only at a time when you are not aware of material non-public information, and if you are a Preclearance Group member, only during an open trading window. Transactions effected pursuant to an approved Rule 10b5-1 plan will not require further preclearance at the time of the transaction.

The Rule 10b5-1 plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Once a Rule 10b5-1 plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade.

VIII. DEFINITIONS

The following capitalized terms used in this Practice have the meanings set forth below:

- Affiliates – (1) Any director of American Water, and (2) any person who has been designated by the Board of Directors of American Water as an executive officer of American Water for purposes of the U.S. Securities Laws.
- American Water or the Company – American Water Works Company, Inc., not including its subsidiaries.
- Designated Restricted Individuals – Any person who the Chief Executive Officer, the Chief Financial Officer, the General Counsel, or the Chief SEC Counsel may determine to be a Restricted Individual, either on a temporary or permanent basis, and under such conditions or restrictions from engaging in transactions in Company Securities that are to be determined by such person to be warranted based on the circumstances.
- Preclearance Group – The Preclearance Group is comprised of:
  - Affiliates;
  - Restricted Individuals; and
  - Family Members and Controlled Entities of any of the foregoing persons.

- Restricted Individuals – Employees of the Company or any of its subsidiaries, other than Affiliates, who, in the normal course of their duties, have regular access to material non-public information about the Company, and each of whom has been notified by the Chief SEC Counsel or their designee that the employee is a "Restricted Individual." A determination as to whether, and for how long, a former Affiliate or employee may continue to remain subject to the Policy and this Practice is to be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer.

IX. WAIVERS; MODIFICATIONS

Exceptions to this Practice may be made only by the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The Company reserves the right to amend or rescind this Practice or any portion of it at any time and to adopt additional or different practices, policies and procedures at any time.

X. NON-COMPLIANCE

Any Covered Person who violates or circumvents this Practice may be subject to disciplinary action, up to and including termination of employment or service. Additionally, any Covered Person or member of the Preclearance Group who purchases or sells Company Securities based on material non-public information regarding the Company may be criminally liable under provisions of Securities Laws prohibiting insider trading. Civil and other penalties are also recoverable in private lawsuits or by the SEC against Covered Persons or Preclearance Group members who engage in and profit from short swing trades.

XI. QUESTIONS

If you have any questions about this Practice, contact the Chief SEC Counsel or their designee.

American Water Works Company, Inc.'s Subsidiaries

As of February 18, 2026

Entity Name	Entity Type	Jurisdiction of Organization
Alpha Merger Sub, Inc.	Corporation	Pennsylvania
American Lake Water Company	Corporation	Illinois
American Water (USA), LLC	Limited Liability Company	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Enterprises Holding, LLC	Limited Liability Company	Delaware
American Water Enterprises, LLC	Limited Liability Company	Delaware
American Water Defense Services, LLC	Limited Liability Company	Delaware
American Water Federal Services, LLC	Limited Liability Company	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, LLC	Limited Liability Company	Texas
American Water Real Property Holdings LLC	Limited Liability Company	Delaware
American Water Services CDM, Inc.	Corporation	Washington
American Water Works Service Company, Inc.	Corporation	Delaware
AW Insurance LLC	Series Limited Liability Company	Delaware
AWIP Holdings LLC	Limited Liability Company	Delaware
AW Technologies, LLC	Limited Liability Company	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Edison Water Company	Corporation	New Jersey
Environmental Management, LLC	Limited Liability Company	Missouri
E'town Services L.L.C.	Limited Liability Company	New Jersey
GCW Acquisition Company LLC	Limited Liability Company	New Jersey
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland
Missouri-American Water Company	Corporation	Missouri
New Jersey-American Water Company, Inc.	Corporation	New Jersey
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
Virginia-American Water Company	Corporation	Virginia
West Virginia-American Water Company	Corporation	West Virginia

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
5.150% Senior Notes due 2034
5.250% Senior Notes due 2035
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051
5.450% Senior Notes due 2054
5.700% Senior Notes due 2055

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-285328 and 333-277166) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 18, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, John C. Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Griffith, President and Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
February 18, 2026

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 18, 2026

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)
(856) 955-4001
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Common Stock, $0.01 par value—$23,779,400,000 as of June 30, 2025 (solely for purposes of calculating this aggregate market value, American Water has defined its affiliates to include (i) those persons who were, as of June 30, 2025, its executive officers, directors or known beneficial owners of more than 10% of its common stock, and (ii) such other persons who were deemed, as of June 30, 2025, to be controlled by, or under common control with, American Water or any such persons in clause (i) above).

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: Common Stock, $0.01 par value per share—195,208,666 shares as of February 9, 2026.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the American Water Works Company, Inc. definitive proxy statement for the 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2025 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Statements included in Item 1—Business, Item 1A—Risk Factors, and Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Annual Report on Form 10-K, or incorporated by reference therein, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation, and the imposition, utilization or change in various economic tariffs (or any attempt or effort to do so), may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the factors discussed under Item 1A—Risk Factors, and the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions, or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
    - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
    - limitations on the parties' ability to pursue alternatives to the proposed merger;
    - an event, change or other circumstance that could give rise to the termination of the merger agreement;
    - a delay in the timing to consummate the proposed merger;
    - each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger);
    - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
    - any impact of the proposed merger on the Company's and the combined company's ability to declare and pay quarterly dividends on its common stock;
    - the risk of litigation related to the proposed merger;
    - changes in the parties' key management and personnel;

- the amount and nature of incurred transaction costs associated with the proposed merger; and
- reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger;

- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
  - any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;

- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors included in Item 1A—Risk Factors and other statements contained in this Annual Report on Form 10-K, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Annual Report on Form 10-K was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I

ITEM 1. BUSINESS

The Company

With a history dating back to 1886, American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. A holding company originally incorporated in Delaware in 1936, the Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company conducts the majority of its business through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The completion of the proposed merger is subject to certain customary conditions. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. See Note 5—Mergers, Acquisitions and Divestitures—Agreement and Plan of Merger with Essential Utilities, Inc., in the Notes to Consolidated Financial Statements for additional information.

Throughout this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," the "Company," and "American Water" mean American Water Works Company, Inc. and its subsidiaries as of the date hereof, taken together as a whole. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries.

Regulated Businesses

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The Company's utilities operate in 14 states in the United States, with 3.6 million active customers in its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters. The Company reports the results of the services provided by its utilities in the Regulated Businesses segment. Operating revenues for the Regulated Businesses were $4,723 million for 2025, $4,296 million for 2024 and $3,920 million for 2023, accounting for 92%, 92% and 93%, respectively, of the Company's total operating revenues for the same periods.

Presented in the table below is a geographic summary of the Regulated Businesses' operating revenues and the number of customers the Company serves, by type of service, for and as of the year ended December 31, 2025:

	Operating Revenues (in millions)					Number of Customers (in thousands)			
	Water	Wastewater	Other (a)	Total	% of Total	Water	Wastewater	Total	% of Total
Pennsylvania	$ 931	$ 195	$ 14	$ 1,140	24.1 %	697	117	814	22.8 %
New Jersey	1,024	67	14	1,105	23.4 %	680	70	750	21.0 %
Missouri	548	23	4	575	12.2 %	486	24	510	14.3 %
Illinois	435	95	18	548	11.6 %	299	77	376	10.5 %
California	364	5	1	370	7.8 %	193	3	196	5.5 %
Total—Top Five States (b)	3,302	385	51	3,738	79.1 %	2,355	291	2,646	74.1 %
Other (c)	931	37	17	985	20.9 %	887	39	926	25.9 %
Total Regulated Businesses	$ 4,233	$ 422	$ 68	$ 4,723	100.0 %	3,242	330	3,572	100.0 %

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents. Customers associated with other operating revenues are not applicable.

(b) The Company's "Top Five States" are determined based upon operating revenues.

(c) Includes the Company's utility operations in the following states: Georgia, Hawaii, Indiana, Iowa, Kentucky, Maryland, Tennessee, Virginia and West Virginia and other revenue attributable collectively to the Regulated Businesses.

Customers

The Company's Regulated Businesses have a large and geographically diverse customer base. A customer is defined as a person, business, municipality or any other entity that purchases the Company's water or wastewater services as of the last business day of a reporting period. One single customer may purchase the Company's services for use by multiple individuals or businesses. Examples of these customers are homes, apartment complexes, businesses and governmental entities.

The vast majority of the Company's regulated water customers are metered, which allows the Company to measure and bill for its customers' water usage, typically on a monthly basis. The Company employs a variety of methods of customer meter reading to monitor consumption. These methods range from meters with mechanical registers where consumption is manually recorded by meter readers, to meters with electronic registers capable of transmitting consumption data to proximity devices or via radio frequency to mobile or fixed network data collectors. The Company's wastewater customers are billed either a flat rate or based upon their water consumption.

Residential customers make up a substantial portion of the Company's customer base in all of the states in which it operates. The Company also serves (i) commercial customers, such as food and beverage providers, commercial property developers and proprietors, and energy suppliers, (ii) fire service customers, where the Company supplies water through its distribution systems to public fire hydrants for firefighting purposes and to private fire customers for use in fire suppression systems in office buildings and other facilities, (iii) industrial customers, such as large-scale manufacturers, mining and production operations, (iv) public authorities, such as government buildings and other public sector facilities, including schools and universities, and (v) other utilities and community water and wastewater systems in the form of bulk contracts for the supply of water or the treatment of wastewater for their own customers.

Presented in the table below is a breakout of the Company's Regulated Businesses' operating revenue by class of customer, for the years ended December 31, 2025, 2024 and 2023:

	2025		2024		2023	
(In millions)	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue	Revenue	Percentage of Revenue
Water Services:						
Residential	$ 2,557	54 %	$ 2,349	55 %	$ 2,143	55 %
Commercial	981	21 %	885	21 %	798	20 %
Fire service	189	4 %	164	4 %	158	4 %
Industrial	195	4 %	184	4 %	167	4 %
Public and other water (a)	311	7 %	291	7 %	274	7 %
Wastewater	422	9 %	363	8 %	327	8 %
Other (b)	68	1 %	60	1 %	53	2 %
Total	$ 4,723	100 %	$ 4,296	100 %	$ 3,920	100 %

(a) Includes water revenues from public authorities and other utilities and community water systems under bulk contracts.

(b) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

Presented in the table below is the number of water and wastewater customers the Company's Regulated Businesses served by class of customer as of December 31, 2025, 2024 and 2023, which represents approximately 13 million people served as of December 31, 2025:

	2025		2024		2023	
(In thousands)	Water	Wastewater	Water	Wastewater	Water	Wastewater
Residential	2,942	307	2,920	307	2,893	279
Commercial	224	21	222	21	221	18
Fire service	55	—	53	—	52	—
Industrial	4	—	4	—	4	—
Public and other (a)	17	2	18	1	18	1
Total	3,242	330	3,217	329	3,188	298

(a) Includes public authorities and other utilities and community water and wastewater systems under bulk contracts. Bulk contracts, which are accounted for as a single customer in the table above, generally result in service to multiple customers.

Customer growth in the Company's Regulated Businesses is primarily from (i) adding new customers to its customer base through acquisitions of water and/or wastewater utility systems, (ii) population growth in its authorized service areas, and (iii) sale of water to other water utilities and community water systems.

Water Supply and Wastewater Services

The Company's Regulated Businesses generally own the physical assets used to store, pump, treat and deliver water to its customers and collect, treat, transport and recycle wastewater. Typically, the Company does not own the water. The water the Company treats and delivers is held in public trust and is allocated to the Company through contracts, permits and allocation rights granted by federal and state or multi-state agencies or through the ownership of water rights pursuant to local law. The Company is dependent on defined sources of water supply and obtains its water supply from surface water sources such as reservoirs, lakes, rivers and streams; from groundwater sources, such as wells and aquifers; and water purchased from third-party water suppliers. The level of water treatment the Company applies varies significantly depending upon the quality of the water source and any state requirements that are more restrictive than federal water quality standards. Surface water sources typically require significant treatment, while groundwater sources often require chemical treatment only.

Presented in the table below are the percentages of water supply by source type for the Company's Top Five States individually and the Regulated Businesses collectively for the year ended December 31, 2025:

	Surface Water	Ground Water	Purchased Water
Pennsylvania	91%	7%	2%
New Jersey	74%	22%	4%
Missouri	83%	16%	1%
Illinois	50%	38%	12%
California	—%	65%	35%
Regulated Businesses	70%	23%	7%

The Company's ability to meet the existing and future water demands of its customers depends on an adequate water supply. Drought, governmental restrictions, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. The Company employs a variety of measures in an effort to obtain adequate sources of water supply, both in the short-term and over the long-term. The geographic diversity of the Company's service areas may mitigate some of the economic effects on the water supply associated with weather extremes the Company might encounter in any particular service territory. For example, in any given summer, some areas may experience drier than average weather, which may reduce the amount of source water available, while other areas the Company serves may experience wetter than average weather.

The Company evaluates quality, quantity, growth needs and alternate sources of water supply as well as transmission and distribution capacity to provide water service to its customers. Water supply is seasonal in nature and weather conditions can have a pronounced effect on supply. To support the maintenance of adequate water supplies, the Company uses long-term planning processes and maintains contingency plans to minimize the potential impact on service caused by climate variability and a wide range of weather fluctuations. The Company reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons, and include evaluations of the availability of water supplies and system capacity against a number of different factors, projections and estimates.

In connection with supply planning for most surface or groundwater sources, the Company employs models to determine safe yields under different rainfall and drought conditions. Surface and ground water levels are routinely monitored in an effort to predict and mitigate supply capacity deficits through demand management and additional supply development. In California, where the state has previously experienced multi-year droughts, the Company utilizes multiple water supply options including numerous ground water wells in multiple aquifers as well as various long-term purchase water agreements with regional water suppliers to optimize supplies while seeking resiliency during dry years. An example of the Company's use of long-term planning intended to ensure an adequate water supply is Cal Am's development and support of the Monterey Peninsula Water Supply Project (the "Water Supply Project") in California. The Water Supply Project includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water (formerly known as the Monterey Regional Water Pollution Control Agency) and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill obligations of Cal Am to eliminate unauthorized diversions from the Carmel River as required under orders of the California State Water Resources Control Board (the "SWRCB"). For more information, see Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions and Note 16—Commitments and Contingencies—Contingencies—Alternative Water Supply in Lieu of Carmel River Diversions, in the Notes to the Consolidated Financial Statements.

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

Capital Investment

The Company plans to invest between $46 billion and $48 billion over the next 10 years for capital improvements, including acquisitions, to its Regulated Businesses' water and wastewater infrastructure, largely for pipe replacement and upgrading aging water and wastewater treatment facilities. The Company is proactively improving its pipe renewal rate from what was a 250-year replacement cycle in 2009 to a less than a 150-year replacement cycle on average over the last five years. The specific replacement rate varies by year depending on other high priority capital needs, but the Company anticipates it will reach better than a 100-year replacement rate within the next decade, which is generally viewed in the industry as a minimum benchmark for a long-term sustainable replacement rate. In addition, from 2026 to 2030, the Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.

Regulation and Rate Making

The operations of the Company's Regulated Businesses are generally subject to regulation by PUCs in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing applications and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. Regulatory policies vary from state to state and can change over time. These policies will affect the timing, as well as the extent, of recovery of expenses and the realized return on invested capital.

Periodic changes in customer rates generally occur through the filing of a rate case by the utility with the PUC. The timing of rate case filings is typically determined by either periodic requirements in the regulatory jurisdiction or by the utility's need to increase its revenue requirement to recover capital investment costs, changes in operating revenues, operating costs or other market conditions. The Company attempts to minimize "regulatory lag," which is the time between the occurrence of an event that triggers a change in the utility's revenue requirement and the recognition in rates of that change.

The Company's Regulated Businesses support regulatory practices at the PUCs and state legislatures that mitigate the adverse impact of regulatory lag. Presented in the table below are examples of approved regulatory practices:

Regulatory Practices	Description	States Allowed
Infrastructure replacement surcharge mechanisms	Allows rates to change periodically, outside a general rate case proceeding, to reflect recovery of capital investments made to replace infrastructure necessary to sustain safe and reliable services for the Company's customers. These mechanisms typically involve periodic filings and reviews to ensure transparency.	IA, IL, IN, MO, NJ, PA, TN, VA, WV
Future test year	A "test year" is a period used for setting rates, and a future test year describes the first 12 months that new rates are proposed to be effective. The use of a future test year allows current or projected revenues, expenses and capital investments to be collected on a more timely basis.	CA, HI, IA, IL, IN, KY, MO, PA, TN, VA
Hybrid test year	A historical test year sets rates using data from a 12-month period that ends prior to a general rate case filing. A hybrid test year allows an update to historical data for "known and measurable" changes that occur subsequent to the historical test year.	MD, NJ, WV
Utility plant recovery mechanisms	Allows recovery of the full return on utility plant costs during the construction period, instead of capitalizing an allowance for funds used during construction ("AFUDC"). In addition, some states allow the utility to seek pre-approval of certain capital projects and associated costs. In this pre-approval process, the PUC may assess the prudency of such projects.	CA, IL, PA, TN, VA
Expense mechanisms	Allows changes in certain operating expenses, which may fluctuate based on conditions beyond the utility's control, to be recovered outside of a general rate case proceeding or deferred until the next general rate case proceeding.	CA, HI, IL, IN, MD, MO, NJ, PA, TN, VA
Revenue stability mechanisms	Adjusts rates periodically to ensure that a utility recovers the revenues authorized in its general rate case, regardless of sales volume, including recognition of declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In California, the ratemaking tool provides partial revenue recovery with a focus on promotion of conservation signals in the pricing structure.	CA, IL
Consolidated utility tariffs	Use of a unified rate structure for water systems owned and operated by a single utility, which may or may not be physically interconnected. The consolidated utility tariff pricing structure may be used fully or partially in a state, and is generally used to moderate the price impact of periodic fluctuations in local costs, while lowering administrative costs for customers. Pennsylvania and West Virginia also permit a blending of water and wastewater revenue requirements.	CA, IA, IL, IN, KY, MO, NJ, PA, VA, WV
Deferred accounting	A regulator's willingness to defer recognition of financial impacts when setting rates for utilities.	All

The Company pursues enhancements to these regulatory practices to facilitate efficient recovery of its costs and capital investments and to continue to provide safe, clean, reliable and affordable services to its customers. The ability to seek regulatory treatment using the regulatory practices described above does not guarantee that the PUCs will accept the Company's proposal in the context of a particular rate case, and these regulatory practices may reduce, but not eliminate, regulatory lag associated with traditional rate making processes. It is also the Company's strategy to expand the use of these mechanisms in areas where they may not currently apply and enhance certain mechanisms where they already exist.

Acquisitions and Strategic Growth

The U.S. water and wastewater industries include investor-owned systems as well as municipal systems that are owned and operated by local governments or governmental subdivisions. According to the U.S. Environmental Protection Agency ("EPA"), as of 2025, approximately 84% of the water market is served by municipal systems and, as of 2022, approximately 98% of the country's wastewater systems are government owned. The EPA also estimates, as of 2025, that there are over 50,000 community water systems and, as of 2022, over 16,000 community wastewater systems in the United States, with approximately 81% of the community water systems serving a population of approximately 3,000 or less.

A fundamental aspect of the Company's growth strategy is to pursue acquisitions of water and/or wastewater systems in geographic proximity to areas where the Company operates its Regulated Businesses, see Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. The Company leverages its collective size and scale to achieve operational efficiencies, prioritize capital investments and utilize employee knowledge to manage acquired systems. Operational efficiencies and investment needs allow the Company to be successful in integrating and managing the systems acquired with its regulated service areas. The Company's Regulated Businesses current customer mix of 91% water and 9% wastewater also presents strategic opportunities for wastewater growth and consolidation, allowing the Company to add wastewater customers where it already serves water customers. The Company intends to continue to expand its regulated footprint geographically by acquiring water and wastewater systems in its existing markets and, if appropriate, pursuing acquisition opportunities in certain domestic markets where the Company does not currently operate its Regulated Businesses. Before entering new regulatory jurisdictions (states), the Company will evaluate the regulatory, legislative and business climates for the opportunity to achieve an appropriate rate of return on its investment while maintaining its high standards of services to customers. The Company will also evaluate whether there is a line of sight to grow to sufficient scale in a new regulated market so that it can attain efficiencies and promote customer affordability after entering a new domestic market. Increasingly stringent environmental, health and safety, cybersecurity and water quality and water accountability regulations, the amount of infrastructure in need of significant capital investment, financial challenges and industry legislation are several elements, among others, that may drive more municipalities to consider selling their water and wastewater assets.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include bi-partisan, bi-cameral legislation to establish a permanent, nationwide, low income water assistance program, given the expiration of the previous program in 2023; establishing liability exemptions under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") for certain entities, notably passive receivers of hazardous substances, specifically related to PFAS (such as water and wastewater utilities); and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds. Additional constructive legislative efforts include H.R. 2872, which would allow utilities to deduct repair costs from their adjusted financial statement income calculation for CAMT, and H.R. 2594, legislation to establish a Water Risk and Resilience Organization to develop cybersecurity requirements for water systems. Efforts to advance these legislative priorities will continue in 2026.

The Company's regulated subsidiaries in New Jersey, Indiana and Missouri have versions of water quality or safety accountability acts that require operational or safety and security standards for water and wastewater utilities serving a certain number of customers. In New Jersey, the law imposes requirements in areas such as asset management, water quality reporting, remediation of notices of violation, hydrant and valve maintenance and cybersecurity. In Indiana, the law requires water and wastewater utilities to conduct rate analyses, develop capital asset management plans and conduct cybersecurity and water loss audits. In Missouri, the act requires water and wastewater utilities to create cybersecurity, valve inspection and hydrant inspection programs.

The Company's regulated subsidiaries in California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia have access to utility valuation legislation and regulation for private sector investment in public sector water and wastewater systems. The Company supports full optionality for municipalities, including state legislation that enables the consolidation of the largely fragmented water and wastewater industries through third-party fair market valuations of purchased property. Fair market value assessment of water and wastewater systems is an alternative to the traditional depreciated original cost method of valuation, and allows the Company to offer municipalities a purchase price for their system assets that is reflective of the assets' fair market value, while providing the Company with increased opportunity to recover the purchase price over the life of the purchased system assets, subject to PUC approval.

Consolidated utility tariffs use a unified rate structure for systems owned and operated by a single utility, which may or may not be physically interconnected. Consolidated tariff pricing moderates the impact of periodic fluctuations in local costs and promotes a more universal water infrastructure investment in a jurisdiction. As a result, consolidated tariffs can make it easier to incorporate new systems into an existing utility, support economies of scale for even the smallest of systems and prioritize capital needs across the jurisdiction. Overall, the Company believes that consolidated tariffs bring cost-effective, high-quality services to a larger number of customers. Ten of the Company's regulated jurisdictions currently have some form of consolidated tariff pricing, including California, Illinois, Indiana, Iowa, Kentucky, Missouri, New Jersey, Pennsylvania, Virginia and West Virginia.

Seasonality

Customer demand for the Company's water service is affected by weather and tends to vary with temperature and amount and frequency of rainfall. Customer demand is generally greater during the warmer months, primarily due to increased outdoor water use, including irrigation systems. As such, the Company typically expects its operating revenues to be the highest in the third quarter of each year. Weather that is warmer and/or drier than average generally increases operating revenues, whereas, weather that is cooler and/or wetter than average generally suppresses customer water demand and can reduce water operating revenues. Two of the Company's jurisdictions, California and Illinois, have adopted revenue stability mechanisms which permit the Company to collect a portion or all of state PUC-authorized revenue for a given period that is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. See — Regulation and Rate Making for additional information regarding revenue stability mechanisms.

Affordability

As a water utility, the Company's water must be safe, clean, reliable and affordable. Through increased efficiency, conservation and affordability support programs and utility tariffs, on average across the enterprise, the Company achieves average residential bills that are at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of the Company's customers and contributes to the economic prosperity of the communities in which it operates.

The Company continues to advocate for federal and state customer affordability support and monitors the number of customers enrolled in its assistance programs to make sure that it is effectively responding to customer needs. In addition, the Company advocates for low income rate discount programs and rate design reform measures in state rate proceedings that will improve the affordability of service specifically for lower income customers.

Competition

The Company's Regulated Businesses generally do not face direct competition in their existing markets because (i) the Company operates in those markets pursuant to franchises, charters, certificates of public convenience and necessity or similar authorizations (collectively, "CPCNs") issued by state PUCs or other authorities, and (ii) the high cost of constructing a new water and wastewater system in an existing market creates a significant barrier to market entry. However, the Company's Regulated Businesses face competition from governmental agencies, other investor-owned utilities, large industrial customers with the ability to provide their own water supply/treatment process and strategic buyers that are entering new markets and/or making strategic acquisitions. When pursuing acquisitions, the Company's largest investor-owned competitors, based on a comparison of operating revenues and population served, include Essential, American States Water Company and California Water Service Group. From time to time, the Company also faces competition from infrastructure funds, multi-utility companies and others, such as Algonquin Power and Utilities Corp. and Nexus Water Group.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original CPCN was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law, or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the MPWMD stemming from a November 2018 public ballot initiative. For more information on this matter, see Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Other

Other primarily includes the MSG business, which enters into long-term contracts with the U.S. government to provide water and wastewater services on military installations. Other also includes a contract with a municipal customer to operate and manage water and wastewater facilities and provide other related services. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The businesses included within Other are not subject to regulation by state PUCs and the services provided generally do not require significant capital investment by the Company. Operating revenues for Other were $417 million for 2025, $388 million for 2024 and $314 million for 2023, accounting for 8%, 8% and 7%, respectively, of the Company's total operating revenues for the same periods.

Military Services Group

MSG operates on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program. The scope of these contracts generally includes the operation and maintenance of the installation's water and wastewater systems and a capital program focused on asset replacement and, in certain instances, systems expansion. The replacement of assets assumed when a contract is awarded to MSG is completed either through a discrete set of projects executed in the first five years of the contract or through the long-term recapitalization program performed over the life of the contract. Traditionally, both of these programs are funded from the contract fee. At times, new assets are required to support the installation's mission, and the construction of these assets is funded by the U.S. government as separate modifications or amendments to the contract. The capital for these assets historically has not been funded through the Company's debt or equity issuances; rather, the Company has used limited working capital for short-term needs under these contracts. The U.S. Army has a requirement that a bidder must offer financing in its proposal for these new capital projects under existing contracts, but the U.S. Army's implementation of this requirement on existing contracts has limited the need for such financing. However, recent U.S. Army, Air Force, and Navy Utilities Privatization solicitations have included requirements for the successful bidder to finance discrete initial capital projects over either a five- or ten-year period after project completion. Four of MSG's current contracts require such capital project financing, which the Company is currently addressing through internal sources of liquidity.

The contract price for three of MSG's contracts with the U.S. government is subject to redetermination two years after commencement of operations, and every three years thereafter. Price redetermination is a contract mechanism to periodically adjust the service fee in the next period, to reflect changes in contract obligations and anticipated market conditions. The remaining 15 contracts with the U.S. government are subject to annual price adjustments under a mechanism called "Economic Price Adjustment." All 18 contracts could be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government, or as a result of default or non-performance by the MSG subsidiary performing the contract. In either event, pursuant to termination provisions applicable to all of these contracts, MSG would be entitled to recover allowable costs that it may have incurred under the contract, plus the contract profit margin on incurred costs. MSG's backlog of revenue associated with its contracts with the U.S. government is approximately $7.4 billion, with an average remaining contract term of 37 years.

Competition

MSG faces competition primarily from American States Water Company.

Environmental, Health and Safety, Water Quality and Other Regulation

The Company's water and wastewater operations, including the services provided by its Regulated Businesses and MSG, are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation including the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard. The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources, recognizing that drinking water standards and wastewater requirements have generally, over time, increased in number and become increasingly more stringent. As newer or stricter standards are introduced, the Company's capital and operating costs needed to comply with them will likely increase. The Company incurs substantial costs associated with compliance with the environmental, health and safety, and water quality standards to which its operations are subject and the Company invests in technology solutions for enhanced detection and monitoring of water quality issues. The Company estimates that it will make capital expenditures of approximately $4.1 billion over the next five years, and approximately $788 million in 2026, to address water quality issues; most of which are focused on compliance with environmental laws and regulations. The Company believes that its operations are materially in compliance with, and in many cases surpass, minimum standards required by applicable environmental laws and regulations.

The Company's operations also involve the use, storage and disposal of hazardous substances and wastes. For example, the Company's water and wastewater treatment facilities store and use a variety of chemicals, including, for example, gaseous chlorine, that generate waste and require proper handling and disposal under applicable environmental requirements. The Company also could incur remedial costs in connection with any contamination relating to its operations or facilities or its off-site disposal of waste. CERCLA authorizes the EPA, and comparable state laws authorize state environmental authorities, to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions at any site that is determined to present an actual or potential threat to human health or the environment because of an actual or threatened release of one or more hazardous substances. Parties that generated or transported hazardous substances to such sites, as well as current and former owners and operators of such sites, may be deemed liable, without regard to fault, under CERCLA or comparable state laws. Although the Company is not aware of any material cleanup or decontamination obligations, the discovery of contamination or the imposition of such obligations in the future could result in additional costs to the Company. The Company's facilities and operations are also subject to requirements under the U.S. Occupational Safety and Health Act and inspections thereunder.

Safe Drinking Water Act

The Safe Drinking Water Act and related regulations establish national standards for drinking water quality. The EPA has issued rules governing the levels of numerous, naturally occurring and manufactured chemical and microbial contaminants and radionuclides allowable in drinking water, and continues to propose new rules. These rules also prescribe testing requirements for detecting regulated contaminants, the treatment systems that may be used for removing those contaminants, and other requirements. To date, the EPA has set standards for over 90 contaminants and water quality indicators for drinking water, and there is a process in place to make a regulatory determination on at least five additional compounds every five years.

The process of developing new drinking water standards is long and complex, but the Company actively participates with the EPA and other water industry groups by sharing research and water quality operational knowledge. See Item 1—Business—Research and Development—Contaminants of Emerging Concern for additional information.

The Company is within the EPA's time frame for compliance with standards and rules developed under the regulation of the Safe Drinking Water Act, which includes sample collection, data analysis, and, in some instances engineering planning and implementation of treatment enhancements. Further, the EPA is actively considering development of a new regulation for perchlorate and updates to the current microbial and disinfection byproduct regulations. The Company does not anticipate that any such regulations, if enacted, will require implementation in 2026. The Company is tracking state level regulations that require implementation in 2026 and supporting state operations in its compliance efforts.

Although it is difficult to project the ultimate costs of complying with the above or other pending or future requirements, the Company expects current cost requirements under the Safe Drinking Water Act and other similar laws to be recoverable through the regulatory process and therefore compliance costs are not expected to have a material impact on its operations or financial condition. In addition, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from these pending or future requirements.

Reduction of Potential Lead Exposure in Drinking Water

Over the last 40 years, there have been numerous federal regulations aimed at reducing the potential exposure of lead from plumbing materials into drinking water. Regulations have addressed both piping system materials and water quality. In 1986, the Safe Drinking Water Act was amended to prohibit the installation of pipe, solder and flux in public water systems and premise plumbing systems that was not lead-free. In 1991, the EPA published the Lead and Copper Rule, as amended ("LCR"), to reduce the corrosivity of water and control lead and copper in drinking water. In 2011, the Reduction of Lead in Drinking Water Act was enacted, further limiting the use and introduction into commerce of lead pipes, plumbing fittings for fixtures, solder and flux. Since that time, the EPA has issued several minor revisions (2000, 2004 and 2007) and two major revisions (2021 and 2024) to the LCR.

While these measures have made an impact in reducing potential lead exposure in drinking water in the United States and educating water consumers, the 2021 Lead and Copper Rule Revisions ("LCRR") and 2024 Lead and Copper Rule Improvements ("LCRI") rules further advance public health protections by addressing the legacy lead service lines as well as lead plumbing materials, primarily in building plumbing, that still remain in many communities. The 2021 and 2024 revisions are discussed below.

On January 15, 2021, the EPA published the final LCRR with a revised final compliance date of October 16, 2024. The LCRR is designed to better identify high levels of lead, improve the reliability of lead tap sampling results, strengthen corrosion control treatment requirements, expand consumer awareness and improve risk communication. On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utility's control by October 30, 2037, 10 years after the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) reducing the lead action level; and (v) strengthening protections to reduce exposure to lead. The LCRI also deferred the compliance date of certain requirements of the LCRR to allow for compliance with both new rules. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

The Infrastructure Investment and Jobs Act was signed into law in November 2021 and provides for up to $15 billion for lead service line replacement through drinking water state revolving funds. The Company continues to evaluate its service territories and has applied for funding for those areas that meet applicable requirements. With regard to future acquisitions, the Company will work with those communities as part of the acquisition process to set lead service line ("LSL") removal goals appropriate for those systems. The prioritization of LSL removal is dependent on several factors, including the Company's planned water main and service line renewal projects, adjacent projects by municipalities or other utilities, LCRI compliance monitoring results, and cooperation with its customers with respect to replacing the customer-owned portion of the LSL as necessary. In certain cases, these and other factors may result in a shorter or longer time frame for replacement. Because replacing the external LSL in its entirety is advised by several water industry organizations including the U.S. National Drinking Water Advisory Council, the Lead Service Line Replacement Collaborative, and the American Water Works Association, the Company's preferred approach is to replace the entire external LSL if lead is found on either the Company or customer portion of the service line; full LSL replacement is also consistent with the LCRR and final LCRI. The Lead Service Line Replacement Collaborative is a diverse group of public health, water utility, environmental, labor, consumer and housing organizations from across the country working together to encourage communities to accelerate the full replacement of LSLs through collaborative efforts at the local level.

As part of its ongoing water main replacement and service line renewal projects, and in accordance with applicable state regulations and anticipation of updated federal regulation, the Company has been replacing LSLs for many years in accordance with current scientific guidance. Also, the Company utilizes appropriate corrosion control techniques as necessary to comply with current water quality regulatory requirements.

National Primary Drinking Water Regulations

On April 10, 2024, the EPA announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS, including perfluorooctanoic acid ("PFOA"), perfluorooctane sulfonic acid ("PFOS"), perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA", commonly known as "GenX Chemicals"), perfluorohexane sulfonic acid ("PFHxS"), and perfluorobutane sulfonic acid ("PFBS"). The NPDWR for PFAS establishes legally enforceable levels, called Maximum Contaminant Levels ("MCLs"), for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated its intent to extend the compliance deadline to 2031, under the current rule utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

The Company has entered into a nine-year exclusive contract with a third-party vendor to supply granular activated carbon, equipment and reactivation services to more than 50 of the Company's treatment sites across 10 states through 2033. The equipment and services provided through the contract will aid the Company in treating drinking water to assist in complying with the NPDWR for PFAS.

The Company supports sound policies and compliance with the NPDWR for PFAS by all water utilities, while protecting customers and communities from the costly burden of monitoring and mitigating PFAS contamination in water systems. The Company continues to advocate for policies that hold polluters accountable and is participating in the multi-district litigation and other lawsuits filed against certain PFAS manufacturers seeking damages and reimbursement of costs incurred and continuing to be incurred to address contamination of public water supply systems by PFAS. For more information on the PFAS multi-district litigation, see Item 3—Legal Proceedings—PFAS Multi-District Litigation.

On April 19, 2024, the EPA issued a final rule to designate PFOA and PFOS as hazardous substances under CERCLA. The Company, along with a coalition of other water and wastewater organizations, continues to actively advocate for and support bipartisan legislation that would provide PFAS liability protections under CERCLA for water and wastewater systems, as passive receivers of PFAS, and to hold polluters, and not the public or customers, accountable for PFAS-related liability.

Clean Water Act

The Clean Water Act and related state laws regulate discharges from drinking water and wastewater treatment facilities into lakes, rivers, streams and groundwater. In addition to requirements applicable to the Company's wastewater collection systems, its operations require discharge permits under the National Pollutant Discharge Elimination System ("NPDES") permit program established under the Clean Water Act, which must be renewed every five years. Pursuant to the NPDES permit program, the EPA and implementing states set discharge limits for wastewater effluents and overflows from wastewater collection systems. Discharges that fail to comply with the limits specified under NPDES permits can lead to the imposition of fines and penalties, and persistent non-compliance could lead to significant fines and penalties and other compliance costs. In addition, the difficulty of obtaining and complying with NPDES permits, and renewing expiring permits, may impose time and cost burdens on the Company's operations. From time to time, discharge violations occur at the Company's facilities, some of which result in fines. The Company does not expect any such violations or fines to have a material impact on its results of operations or financial condition. The EPA has identified wastewater discharge permitting and permits for the application of biosolids, or sewage sludge, containing PFAS as areas of focus in its PFAS Strategic Roadmap. Individual states may also take action in these areas. As indicated previously, capital expenditures and operating costs to comply with environmental mandates have been traditionally recognized by PUCs as appropriate for inclusion in establishing rates. As a result, the Company expects to recover the operating and capital costs resulting from any new requirements in these areas.

Research and Development

The Company's Research and Development Program

The Company maintains an industry-leading research and development ("R&D") program that is designed to enhance its services, support its compliance activities, improve service quality and operational effectiveness, and provide environmental leadership. For more than four decades from its inception, American Water's R&D program has evolved into an industry-leading effort and has achieved numerous advancements in the science of drinking water, wastewater, and desalination. Through laboratory and industry resources and the team's expertise, efforts are focused on contaminants of emerging concern, including but not limited to PFAS, Legionella, cyanotoxin-forming algal blooms, a variety of pathogens (for example, Cryptosporidium, Giardia, viruses, and various bacteria), microbial indicators and disinfection byproducts. The Company's R&D personnel are located at the Company's corporate headquarters and at two laboratory testing facilities in New Jersey and Illinois, the latter housing its quality control and testing laboratory, which supports the Company's R&D activities through testing and analysis.

The Company continues to leverage its expertise and collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. This relationship includes sharing of the Company's research, such as its treatment and distribution system optimization research and its national water quality monitoring data. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives, thereby allowing the Company to anticipate and to accommodate its future compliance requirements. The Company also frequently engages with the American Water Works Association, other state environmental agencies, universities, research labs and national and international water research foundations. The Company believes that continued R&D activities are critical for providing safe, clean, reliable and affordable services, as well as maintaining its leadership position in the industry, which provides the Company with a competitive advantage as it seeks business and operational growth.

Contaminants of Emerging Concern

Contaminants of emerging concern include numerous chemicals such as PFAS, pharmaceuticals, personal care products, pesticides, herbicides, antibiotic resistant bacteria, antibiotic resistant genes, endocrine disrupting compounds, microplastics and industrial chemicals, as well as certain naturally occurring microbes, such as bacteria, viruses and parasites, which may be detected in drinking water supplies, for which the risk to the public's health is not fully understood and/or has not been assessed. Technological advances have only recently made it possible to detect many of these contaminants at trace levels. The ability to detect contaminants at trace levels contributes to setting improved water quality goals.

The Chemical Abstract Service Registry contains over 290 million registered chemicals, with an estimated 1,500 species of disease-causing microbes that can affect humans. The Company is continually investigating new substances and contaminants, employing a team of scientists, engineers and public health professionals to identify threats to its water supply, to act on emerging regulations and new health advisories, and to evaluate the benefits of alternative or advanced treatment technologies. The Company utilizes water quality testing equipment and implements new and emerging technologies to help detect potential water supply contamination issues. Examples of the Company's efforts include:

- characterizing factors that contribute to the formation of potentially carcinogenic disinfection by-products to define best practices for their mitigation;
- advancing the science on holistic management strategies to improve distribution system water quality further;
- using its research findings to communicate information to its customers regarding potential actions to limit occurrences of Legionella in their buildings; in this regard, the Centers for Disease Control and Prevention statistics indicate that water-associated disease from Legionella is on the rise, with exposure typically associated with customer-owned plumbing systems in large buildings;
- defining a framework to support management or possible future regulation of opportunistic pathogens;
- developing expanded monitoring methods for short-chain and fluorinated replacement PFAS;
- systematically investigating PFAS removal from a variety of water matrices using established and emerging treatment technologies;
- leading a PFAS risk communication strategy for the water sector and sharing utility perspectives with external stakeholders through regional, national and international conferences;
- using innovative technologies (e.g., satellite imagery) for early detection and response to algal blooms to manage public health impacts and prevent taste and odor events before cyanotoxins get into the water treatment plant;
- monitoring of taste and odor issues that impact customer satisfaction using expanded analytical methods to detect compounds, and evaluating and recommending treatment practices;

- implementing water source assessment tools, including sensors and data analytics, to evaluate and track chemical storage and aid in the identification of source water contamination events;
- developing methodology and advanced measurement techniques for contaminants of emerging concern to investigate transport, occurrence and treatment; and
- implementing activated carbon, biofiltration and ion exchange treatment to seek to control contaminants of emerging concern.

Service Company

American Water Works Service Company, Inc. ("Service Company") is a wholly owned subsidiary of the Company that provides support and operational services to the Company and its affiliates. These services are predominantly provided to the Company's Regulated Businesses under contracts that have been approved by PUCs, where necessary, and are also provided to MSG as requested or as otherwise needed. Services provided by Service Company may include accounting and finance, administration, business development, communications, compliance, education and training, engineering, environmental, health and safety, human resources, information systems, internal audit, investor relations, legal and governance, operations, procurement, R&D, rates and regulatory support, physical security, cybersecurity, risk management and insurance, treasury, and water quality. For additional information concerning the Company's cybersecurity program, see Item 1C—Cybersecurity. Service Company also provides customer support to the Company's Regulated Businesses, which includes call handling, billing, a major accounts program and other related services. Services are provided by Service Company at cost, enabling the Company's operating subsidiaries to fulfill their responsibilities in a cost-effective manner, while providing them access to in-depth, functional expertise.

Sustainability

The Company considers sustainability principles, such as environmental leadership and corporate governance, fundamental to its corporate strategy and values. The Company has developed a cross-functional approach that supports and drives its sustainability strategy, principles and reporting.

The Company focuses its sustainability efforts in three primary areas: financial, operational and cultural:

- The Company seeks to achieve financial sustainability through its disciplined approach to capital investment and regulatory execution, which supports efforts to grow its business and drive shareholder value while addressing water and wastewater challenges in the United States. The Company's capital investment program is financed with cash flows from operating activities and through a combination of debt and equity capital issuances structured to maintain a healthy balance sheet over the long-term. The Company's approach to balance sheet management is centered on maintaining investment-grade metrics, substantial liquidity provided by highly-rated financial institutions and interest rate management on new debt issuances through its hedging program.
- Operational sustainability means focusing on operating performance and the day-to-day management of water and wastewater systems that provide safe, clean, reliable and affordable service. The Company focuses on the quality of execution and the need to operate its systems safely, efficiently and in compliance with all environmental requirements, for the benefit of its customers. The Company believes this approach to operational sustainability is aligned with the values of its regulators and policymakers.
- Cultural sustainability is reflected in the Company's commitment to support a high performing workforce, while seeking to attract and retain employees who share its purpose and values and understand the needs of the communities in which it serves. The Company demonstrates this commitment to its employees through its values. The Company also believes that investing time, energy and resources in its workforce helps to generate new ideas, continuously improve operations and provide high quality, reliable service for its customers and communities.

Demonstrated Leadership

The Company's values and actions support recognition for demonstrating leadership in areas related to trust, responsibility and sustainability, as well as for positive contributions to its employees and to the communities and customers the Company serves. Among others, these recognitions include the following:

- ranked on *Newsweek's* Worlds's Most Trustworthy Companies 2025 list;
- recognized on *Newsweek's* America's Most Responsible Companies 2025 and 2026 lists; and
- named on *Forbes* America's Best Employers for Company Culture 2025.

Oversight

Management Oversight

The Company has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting that involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations. In addition, the Company has developed a steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

Board of Directors Oversight

The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The Safety, Environmental, Technology and Operations Committee (the "SETO Committee") has oversight with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The Audit, Finance and Risk Committee has oversight and/or responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; management of financial risk exposures and related financial activities, including, for example, the Company's capital structure and capital expenditures, financial condition and financing requirements, dividend payment policy, and pension and benefit plan investment performance; and ethics and compliance matters.
- The Executive Development and Compensation Committee ("ED&CC") oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating/Corporate Governance Committee (the "Nominating Committee") has oversight and/or responsibility with respect to, among other things: corporate governance; establishment, composition and leadership of the committees of the Board of Directors; director nominations, succession and independence; the Company's political contribution policy and related political contribution and lobbying disclosures, and director education and evaluations.

Reporting, Disclosures and Transparency

Information on the performance and management of the Company's key sustainability metrics can be found on the Company's Investor Relations website at *https://ir.amwater.com/sustainability*. The Company also discloses on its website its Political Contribution Policy, and, on an annual basis, information related to political contributions, certain payments to tax-exempt organizations and trade associations (including Section 501(c)(4) organizations), and lobbying expenditures, all of which are reviewed annually and recommended by the Nominating Committee for approval by the Board of Directors.

Human Capital Resources

Overview

American Water is committed to supporting a high performing workforce. The Company seeks to attract and retain employees who share its purpose and values and understand the needs of the communities they serve. The Company demonstrates this commitment to its employees through its values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Safety First

Safety is a core value at American Water and a critical component of its operational focus. The Company's goal is to achieve zero incidents, injuries and fatalities for its employees and contractors.

American Water believes all employees and contractors deserve to return home from work in the same, or better, condition than when they arrived. The Company's commitment to employee health and safety includes physical safety, emotional safety and overall well-being. To support its commitment to safety, the Company's employees completed approximately 188,000 hours of safety training, including physical security and cybersecurity, in 2025. Additionally, the Company focuses on proactive safety programs through collaboration with employees at all levels of the organization. Employees are empowered to demonstrate safety leadership by utilizing a number of safety procedures embedded in the Company's culture, such as the use of (i) daily and pre-meeting safety messages, (ii) "Stop Work Authority" (the power to stop working immediately and mitigate a hazard whenever an employee believes a situation is unsafe) and (iii) pre-job briefings to proactively identify hazards that may be encountered. Notwithstanding the Company's commitment to a hazard free workplace, even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. In January 2025, an employee of the Company was fatally injured after being struck by a train. Following the Company's thorough review of the incident, the ED&CC, SETO Committee and the Board of Directors determined the incident to be non-preventable. The Company's review concluded that applicable safety protocols were in place and functioning as intended at the time of the incident. For 2025, the Company had an Occupational Safety and Health Administration Recordable Incident Rate ("ORIR") of 0.36 (not including the non-preventable fatality). For 2025, the Company had a Days Away Restricted or Transferred ("DART") rate of 0.19, compared to the Company's 2025 target DART rate of 0.39. For 2025, to reinforce its focus on the reduction and prevention of serious injuries and incidents, the Company began to track its serious injuries or incidents using the Serious Injury Incidence Rate ("SIIR"), which measures the number of such incidents per 100 employees. The target SIIR for 2025 was 0.04 and the Company recorded no such incidents for 2025.

Talent Attraction, Retention and Development

The Company's talent and retention strategy is aimed at building and maintaining a high performing and engaged workforce across all levels of the business. The Company's performance depends on a highly skilled workforce with the requisite experience in areas including engineering, regulatory, water quality, finance and operations, in order to deliver safe, clean, reliable and affordable water and wastewater services to customers. The Company leverages various recruiting channels and partnerships as well as its employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates. In 2025, the Company filled approximately 1,439 positions, 66% of which with external candidates and 34% with internal candidates.

The Company has created and implemented programs aimed at developing and retaining talent. The Company collaborates with business leaders to identify the essential behaviors and competencies needed for safe and high-performing operations, as well as to achieve its short and long-term business goals. Through the Company's workforce planning process, the Company evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, the Company has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning and formal learning opportunities.

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. Employee succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

In addition to succession planning for executive and senior leadership roles, during 2025, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Total Rewards

In order to attract, retain and motivate a skilled and high-performing workforce, American Water provides a comprehensive and highly competitive Total Rewards program, including base pay, Annual Performance Plan ("APP") for all employees, Long-Term Performance Plan compensation for certain strategic positions, and a wide range of benefits consisting of, among others, medical, prescription, dental, vision, life and disability insurance coverage, a retirement savings plan, an employee stock purchase plan, educational assistance, paid time off through holidays and vacation and sick time. The Company's Total Rewards offerings also include a health and wellness program, paid family leave, fertility and family building benefits and a menu of additional voluntary benefits.

All the Company's employees, including those who are union-represented, participate in the APP to promote the alignment of performance-based compensation with the achievement of the Company's short-term performance goals. In addition, the Company regularly reviews its success in achieving fair compensation practices, whereby pay decisions would be based on the responsibilities, talents and skills of its employees.

All employees who average 30 hours or more per week are eligible for full-time benefits. Approximately 88% of all benefit eligible employees are enrolled in the Company's healthcare benefits. Full-time employees pay approximately 16% of the total premium cost of medical, dental and vision coverage.

Trust, Dignity and Respect

In 2025, the Company continued its focus on its Catalyst for Change framework in support of its values of trust, dignity and respect. The pillar areas of commitment, consistency, clarity, courage and conviction, allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model behaviors consistent with the Catalyst for Change framework.

The Company believes that employees are at their best when they can bring their authentic selves to work every day. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces and celebrates the uniqueness of its employees. The Company also believes that having employees with different ideas, viewpoints, experiences and backgrounds improves its ability to serve its customers. To this end, the Company is committed to attracting and retaining a workforce that understands the needs of the communities in which it serves.

Employee Experience

The Company's weCARE employee value proposition focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. The Company is also committed to improving the employee experience by listening to employees through focus group discussions and employee surveys, among other tools.

Workforce Data

As of December 31, 2025, the Company had approximately 7,000 employees. For 2025, the Company's annualized employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2025, was 11.1%, up from 10.5% in 2024.

As of December 31, 2025, approximately 44% of the Company's workforce was represented under 74 collective bargaining agreements with 14 different unions. In 2025, the Company renegotiated 28 collective bargaining agreements that were set to expire during the year. During 2026, 26 of the Company's collective bargaining agreements will expire in accordance with their terms and the Company expects to be able to negotiate these agreements during the year. In addition, the Company's national benefits agreement, which expires on July 31, 2028, covers approximately 3,000 of the Company's union-represented employees and their families and provides them with healthcare and other benefits. The Company also collaborates with unions on topics such as safety, customer, technology and employee benefits in forums such as the Joint Healthcare Committee, National Safety Council, Tools Committee and local Labor-Management Committees.

Board Oversight

The ED&CC establishes and reviews the Company's overall compensation philosophy and oversees the compensation and benefits plans and programs for its executive officers. The ED&CC also oversees the process of planning for executive officer succession. The ED&CC's charter requires that it oversee the Company's human capital management, culture and related engagement activities, as well as having responsibility for reviewing and assessing, at least annually, the Company's organizational and leadership development plans and programs, and its programs designed to identify, attract and retain high-potential employees.

Information About Our Executive Officers

Presented in the table below are the name, age, offices held and business experience for each of the Company's executive officers, as of February 18, 2026:

Name	Age	Office and Experience
John C. Griffith	59	**President and Chief Executive Officer.** Mr. Griffith has served as Chief Executive Officer and principal executive officer of the Company since May 14, 2025 and as President since August 2024. He joined the Company in May 2022 and served as its Executive Vice President and Chief Financial Officer until August 2024. Prior to joining the Company, since 2014, Mr. Griffith served as Managing Director, Mergers and Acquisitions, for Bank of America Securities. Prior to joining Bank of America Securities, from 2008 to 2014, Mr. Griffith served as Chief Executive Officer of HighWave Energy, a renewable fuels start-up company, and from 1995 to 2008, he served in various capacities of increasing responsibility with Merrill Lynch & Co.
David M. Bowler	47	**Executive Vice President and Chief Financial Officer.** Mr. Bowler has served as the Company's Executive Vice President and Chief Financial Officer since August 2024, and as Senior Vice President, Deputy Chief Financial Officer and Treasurer from October 2022 to August 2024. Mr. Bowler joined the Company in May 2020 as its Senior Vice President of Corporate Tax, Accounting Technology and Regulatory Services, and served as Senior Vice President of Planning, Regulatory and Financial Services from July 2021 to November 2022. Prior to joining the Company, Mr. Bowler served as Director of Finance and Accounting Integration at CenterPoint Energy, Inc. from February 2019 to April 2020, and in a number of roles of increasing responsibility, most recently as Vice President, Controller and Assistant Treasurer at Vectren Corporation (which was sold to CenterPoint Energy on February 1, 2019) from January 2007 to February 2019. Mr. Bowler is a Certified Public Accountant.
Maureen Duffy	56	**Executive Vice President, Communications and External Affairs.** Ms. Duffy has served as the Company's Executive Vice President, Communications and External Affairs since October 2024 and has had over 26 years of employment with the Company. Ms. Duffy served as the Company's Senior Vice President, Communications and External Affairs from January 2020 through October 2024, as Vice President, Corporate Communications and Federal Affairs from May 2017 through December 2019, and as Vice President, Corporate Communications and External Affairs from September 2011 to May 2017. She also has held various positions with the Company's New Jersey subsidiary, including Government Affairs/Media Specialist, Communications Manager and Director of Corporate Communications. Prior to joining American Water, Ms. Duffy reported and produced news for WNJN/WNET-TV.
Stacy A. Mitchell	50	**Executive Vice President and General Counsel.** Ms. Mitchell has served as the Company's Executive Vice President and General Counsel since June 2024. Prior to that, she served as the Company's Senior Vice President and Deputy General Counsel beginning in February 2023. She joined the Company in August 2019 as Vice President and Chief Regulatory Counsel. Prior to joining the Company, Ms. Mitchell served as the Vice President of Rates and Regulatory Affairs at South Jersey Industries, Inc. and its gas utility subsidiary. Prior to that time, she practiced litigation, regulatory and environmental law in private practice for 15 years.
Cheryl Norton	61	**Executive Vice President and Chief Operating Officer.** Ms. Norton has 37 years of employment with the Company serving in various roles, including operational leadership, environmental stewardship, laboratory management, and research. She has been serving as the Company's Executive Vice President and Chief Operating Officer since March 2021 and served as its Senior Vice President, Chief Environmental Officer from March 2020 to March 2021. She was also the Company's Senior Vice President, Eastern Division and President of its New Jersey subsidiary from March 2019 to March 2021. Prior to that, Ms. Norton served as President of the Company's Missouri subsidiary from November 2015 to March 2019, and President of its Kentucky subsidiary from January 2011 until November 2015. In addition, Ms. Norton also serves as a member of the Board of Directors of the Water Research Foundation and as a member of the Board of Trustees of The Cooper Health System.

Name	Age	Office and Experience
Lori A. Sutton	52	**Executive Vice President, Chief Human Resources Officer.** Ms. Sutton was appointed as Executive Vice President, Chief Human Resources Officer, effective October 1, 2025 and served as Senior Vice President, Chief Human Resources Officer from April 1, 2025 to September 30, 2025. Ms. Sutton joined the Company in February 2023 as its Chief Inclusion, Diversity and Equity Officer, and also served as the Company's Vice President of Talent Acquisition from April 2024 to November 2024, and its Senior Vice President of Talent Management from December 2024 to March 2025. Prior to joining the Company, Ms. Sutton served from September 2021 to February 2023 as Global Head of Inclusion, Diversity and Culture at Alcoa, Inc. Before that, she worked in similar roles at Berry Global Group, Inc., from September 2019 to September 2021. She is a member of the Board of Directors of Liberty Federal Credit Union in Evansville, Indiana.

Each executive officer is elected annually by the Board of Directors and serves until their respective successor has been elected and qualified or their earlier death, resignation or removal.

Available Information

The Company maintains a website at *https://amwater.com,* an Investor Relations website at *https://ir.amwater.com* and a Sustainability website at *https://ir.amwater.com/sustainability*. Information contained on the Company's websites, including its Sustainability Report and other reports or documents, shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks. The Company recognizes its websites as key channels of distribution to reach public investors and as a means of disclosing information to comply with SEC Regulation FD.

The Company is subject to the reporting requirements of the Exchange Act. The Company files or furnishes annual, quarterly and current reports, proxy statements and other information with the SEC. Readers may obtain a copy of the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q or its current reports on Form 8-K, or any amendments to them, that are filed with or furnished to the SEC, free of charge, from the Company's Investor Relations website, *https://ir.amwater.com,* as soon as reasonably practicable after the Company files or furnishes the information to the SEC.

The Corporate Governance Guidelines and the charters for each of the standing committees of the Board of Directors, together with the American Water Code of Ethics and additional information regarding the Company's corporate governance, are available on the Company's Investor Relations website, and will be made available, without charge, in print to any shareholder who requests such documents from the Company's Investor Relations Department in writing by mail at American Water Works Company, Inc., 1 Water Street, Camden, NJ, 08102.

ITEM 1A. RISK FACTORS

We operate in a market and regulatory environment that involves significant risks, many of which are beyond our control. In addition to the other information included or incorporated by reference in this Annual Report on Form 10-K, the following material factors should be considered in evaluating our business and future prospects. Any of the following risks, either alone or taken together, could materially and adversely affect our business, financial position, results of operations, cash flows and liquidity.

Risk Factors Summary

The following summary is intended to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors discussed below in their entirety for additional information. A number of the factors that could materially and adversely affect our business, financial condition or results of operations include:

Risks Related to Our Industry and Business Operations

- Our Regulated Businesses are subject to regulation by PUCs and other regulatory agencies, which affects our business, financial condition, results of operations and cash flows, and may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.
- Our operations and the water we supply are subject to environmental, water quality and health and safety laws and regulations, including contaminants of emerging concern, compliance with which could impact our operating costs and capital expenditures, and violations of which could subject us to costs, damage to our reputation or regulatory action, and contamination events may lead to service limitations, reduced usage or litigation.
- Limitations or restrictions on water supplies may adversely affect our access to sources of water, our ability to supply water to customers and, together with climate variability, severe weather, natural disasters and seasonality, may cause service disruptions, reduced demand or increased costs.
- The current regulatory rate setting process may result in a significant delay, also known as “regulatory lag,” from the time that we invest in infrastructure improvements, incur increased operating expenses, incur increased cost of capital or experience declining water usage, to the time at which we can seek to address these events in general rate cases. Our inability to mitigate or minimize regulatory lag could adversely affect our business.
- Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.
- Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities, and aging infrastructure may require increased capital and O&M spending.
- Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding or experience increases in short- and long-term interest rates or delays in completing major capital expenditure projects.
- Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.
- Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.
- We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.
- The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.
- Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.
- An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.
- We face technology, cybersecurity and data privacy risks, including failures, cyber attacks, unauthorized access and evolving privacy requirements, any of which may result in operational disruption, regulatory actions or reputational harm.

- An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.
- Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.
- Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Financial, Economic and Market-Related Risks

- Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.
- Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.
- Our forward sale agreements may adversely affect our results of operations or financial condition, the share price of our common stock and our liquidity, and may potentially cause shareholder dilution.
- The conditional exchange feature of the 3.625% Exchangeable Senior Notes due 2026 (the "Exchangeable Notes"), if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.
- Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.
- We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Risks Related to the Proposed Merger with Essential

- The proposed merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed merger or impose conditions that could have a material adverse effect on us or the combined company.
- The proposed merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.
- The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay Essential a significant termination fee.
- If completed, the proposed merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.
- The proposed merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.
- If the proposed merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

Additional Risks Related to Our Business

- Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Risks Related to Our Industry and Business Operations

Our Regulated Businesses are subject to extensive regulation by PUCs and other regulatory agencies, which significantly affects our business, financial condition, results of operations and cash flows. Our Regulated Businesses also may be subject to fines, penalties and other sanctions for an inability to meet these regulatory requirements.

Our Regulated Businesses provide water and wastewater services to our customers through subsidiaries that are subject to regulation by PUCs. This regulation affects the rates we charge our customers and has a significant impact on our business and operations. Generally, PUCs authorize us to charge rates that they determine are sufficient to recover our prudently incurred operating expenses, including, but not limited to, operating and maintenance costs, depreciation, financing costs and taxes, and provide us with the opportunity to earn an appropriate rate of return on invested capital.

Our ability to successfully implement our business plan and strategy depends on the rates authorized by the various PUCs. We periodically file rate increase applications with PUCs. The ensuing administrative process may be lengthy and costly. Our rate increase requests may or may not be approved, or may be partially approved, and any approval may not occur in a timely manner. Moreover, a PUC may not approve a rate request in an amount that is sufficient to:

- recover our cost of operations, including: purchased water; chemicals; and fuel, power and other commodities used in our operations;
- recover our operational labor and labor-related expenses, including without limitation costs and expenses associated with our pension and other post-employment benefits;
- enable us to recover our investment; and
- provide us with an opportunity to earn an appropriate rate of return on our investment.

Approval by the PUCs is also required in connection with other aspects of our Regulated Businesses, which are required to have numerous permits, approvals and CPCNs from the PUCs that regulate their businesses and authorize acquisitions, dispositions, debt and/or equity financing, and, in certain cases, affiliated transactions. Some PUCs are empowered to impose financial penalties, fines and other sanctions for non-compliance with applicable rules and regulations. Although we believe that each utility subsidiary has obtained or sought renewal of the material permits, approvals and certificates necessary for its existing operations, we are unable to predict the impact that future regulatory activities may have on our business.

In any of these cases, our business, financial condition, results of operations, cash flows and liquidity may be adversely affected. Even if the rates approved are sufficient, we face the risk that we will not achieve the rates of return on equity permitted by PUCs. This could occur if certain conditions exist, including, but not limited to, (i) water usage is less than the level anticipated in establishing rates, (ii) customers increase their conservation efforts, (iii) we experience unusual or emergent situations, events or conditions, (iv) we experience a significant increase in customers without recovery of the operating and other costs associated with serving them, or a decrease in customers that causes a decrease in operating revenue, or (v) our investments or expenses prove to be higher than the levels estimated in establishing rates. It may be difficult to predict the outcome or impact of these events on us or the actions that may be taken by the PUCs or other governmental authorities in response thereto.

Our operations and the quality of water we supply and wastewater we treat are subject to extensive and increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern, compliance with which could impact both our operating costs and capital expenditures, and violations of which could subject us to substantial liabilities and costs, as well as damage to our reputation.

Our water and wastewater operations are subject to extensive federal, state and local laws and regulations. These requirements include, among others, CERCLA, the Clean Water Act, the Safe Drinking Water Act, the LCR (as amended), and each of their implementing rules and regulations, as well as other federal and state requirements. For example, PUCs and environmental regulators set conditions and standards for the water and wastewater services we deliver. We are also required to obtain various environmental permits from regulatory agencies for our operations. If the water or wastewater services we provide to our customers do not comply with regulatory standards, or otherwise violate environmental laws, regulations or permits, or other health and safety and water quality regulations, we could incur substantial fines, penalties or other sanctions or costs, as well as damage to our reputation, as a result of governmental proceedings and private litigation. In the most serious cases, regulators could reduce requested rate increases or force us to discontinue operations and sell our operating assets to another utility or to a municipality. Given the nature of our business which, in part, involves providing water service for human consumption, any potential non-compliance with, or violation of, environmental, water quality and health and safety laws or regulations would likely pose a more significant risk to us than to a company not similarly involved in the water and wastewater industry. In addition, CERCLA authorizes the EPA to issue orders and bring enforcement actions to compel responsible parties to investigate and take remedial actions with respect to actual or threatened releases of hazardous substances, and can impose joint and several liability, without regard to fault, on responsible parties for the costs thereof. In addition, in April 2024, the EPA issued a final rule designating PFOA and PFOS as hazardous substances under CERCLA. While the EPA has

stated that it will focus on holding responsible under CERCLA entities that significantly contributed to the release of PFAS into the environment, it is not yet known whether or to what extent liability protection will be afforded to passive receivers of PFAS, including water and wastewater utilities. In September 2025, the EPA reaffirmed this enforcement approach, explaining that, while it intends to focus CERCLA enforcement activities on entities that significantly contributed to PFAS releases and generally does not plan to pursue actions against passive receivers, its enforcement discretion does not alter CERCLA's underlying liability framework or restrict private party claims, and therefore the extent to which we may be subject to future CERCLA liability for PFAS-related claims remains uncertain. Furthermore, both federal and state laws and regulations have been enacted or proposed that seek to reduce or limit GHG emissions and/or require or would require additional reporting, monitoring and disclosure of, among other things, GHG emissions and related financial risks, and these regulations may become more pervasive or stringent in light of changing governmental agendas and priorities, although the exact nature and timing of these changes is uncertain.

We incur substantial operating and capital costs on an ongoing basis to comply with environmental, water quality and health and safety laws and regulations. These laws and regulations and their enforcement have become more stringent over time, and new or stricter requirements, such as the final EPA drinking water regulations for PFAS, the LCRR and the recently promulgated LCRI, are expected to increase our costs. For example, the designation of PFOA and PFOS as hazardous substances under CERCLA may impact our approach to how we dispose of material related to treatment at impacted systems and may increase our costs as a result. Although we may seek to recover ongoing compliance costs in our Regulated Businesses through customer rates, and certain jurisdictions in which our Regulated Businesses operate have passed laws authorizing recovery of such costs, there can be no guarantee that the various other regulatory PUCs or similar regulatory bodies that govern our Regulated Businesses would approve rate increases that would enable us to recover such costs in whole or in part or that such costs will not materially and adversely affect our financial condition, results of operations, cash flows and liquidity. We may also incur liabilities if, under environmental laws and regulations, we are required to investigate and clean up environmental contamination, including potential releases of certain hazardous chemicals, which are used in our treatment processes, or at off-site locations where we have disposed of residual waste or caused an adverse environmental impact. The discovery of previously unknown conditions, or the imposition of cleanup obligations in the future, including those obligations related to the disposal of PFAS residuals and other waste, could result in significant costs and could adversely affect our financial condition, results of operations, cash flows and liquidity. Such remediation costs may not be covered by insurance and may make it difficult for us to secure insurance at acceptable rates in the future.

Attention is being given to contaminants of emerging concern, including, without limitation, chemicals and other substances that currently do not have any regulatory standard in drinking water or wastewater or have been recently created or discovered (including by means of scientific achievements in the analysis and detection of trace amounts of substances). We rely upon governmental agencies to set appropriate regulatory standards to protect the public from these and other contaminants, and our role is to provide service that meets these standards, if any. In some of our states, PUCs may disapprove of cost recovery, in whole or in part, for implementation of treatment infrastructure for a contaminant in the absence of a regulatory standard. Furthermore, given the rapid pace at which these contaminants are being identified, created and/or discovered, we may not be able to detect and/or mitigate all such substances in our drinking water system or supplies, which could have a material adverse impact on our financial condition, results of operations and reputation. In addition, we believe these contaminants will continue to form the basis for additional or increased federal or state regulatory initiatives and requirements in the future, which could significantly increase the cost of our operations.

Limitations on availability of water supplies or restrictions on our use of water supplies because of government regulation or action may adversely affect our access to sources of water, our ability to supply water to customers or the demand for our water services.

Our ability to meet the existing and future demand of our customers depends on the availability of an adequate supply of water. As a general rule, sources of public water supply, including rivers, lakes, streams, groundwater aquifers and recycled water sources, are held in the public trust and are not generally owned by private interests. As a result, we typically do not own the source water that we use in our operations, and the availability of our water supply is established through allocation rights (determined by legislation or court decisions) and passing-flow requirements set by governmental entities or by entering into water purchase agreements. These requirements, which can change from time to time, and vary by state or region, may adversely impact our water supply. Supply issues, such as drought, overuse of sources of water, the protection of threatened species or habitats, contamination or other factors may limit the availability of ground and surface water. If we are unable to secure available or alternative sources of water, our business, financial condition, results of operations and cash flows could be adversely affected.

For example, in our Monterey County, California operations, we are seeking to augment our sources of water supply, principally to comply with the cease and desist orders issued by the SWRCB in July 1995 and October 2009 (the "1995 Order," the "2009 Order" and, as amended in July 2016, the "2016 Order" and, collectively, the "Orders") that require Cal Am to significantly decrease its diversions from the Carmel River. See Item 3—Legal Proceedings—Alternative Water Supply in Lieu of Carmel River Diversions, which includes additional information regarding this matter. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs or obligations, including fines and penalties against Cal Am in the event of noncompliance with the Orders, which

could have a material adverse effect upon us and our business, results of operations and cash flows.

Service disruptions caused by severe weather conditions, climate variability patterns or natural or other disasters may disrupt our operations or reduce the demand for our water and wastewater services, which could adversely affect our financial condition, results of operations, cash flows and liquidity.

Service interruptions due to severe weather, climate variability patterns and natural or other events are possible across all our businesses. These include, among other things, storms, ice or freezing conditions, high rainfall and wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, coastal and intercoastal floods or high water conditions, including those in or near designated flood plains, pandemics and epidemics, electrical storms, sinkholes, solar flares and chemical spills or other contamination causing temporary unavailability of our source water supplies. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage. Utility tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts.

Government restrictions on water use may also result in decreased use of water and wastewater services, even if our water supplies are sufficient to serve our customers, which may adversely affect our financial condition, results of operations and cash flows. Seasonal and other drought conditions that may impact our water services are possible across all of our service areas. Governmental restrictions imposed in response to a drought may apply to all systems within a region independent of the supply adequacy of any individual system. Responses may range from voluntary to mandatory water use restrictions, rationing restrictions, water conservation regulations, and requirements to minimize water system leaks. While expenses incurred in implementing water conservation and rationing plans may generally be recoverable provided the relevant PUC determines they were reasonable and prudent, we cannot be certain that any such expenses incurred will, in fact, be fully recovered. Moreover, reductions in water consumption, including those resulting from installation of equipment or changed consumer behavior, may persist even after a drought has ended and restrictions are lifted, which could adversely affect our business, financial condition, results of operations and cash flows.

Climate variability may cause increased weather volatility and may impact water usage and related revenue or require additional expenditures, all of which may not be fully recoverable in rates or otherwise.

The issue of climate variability is receiving attention nationally and worldwide. There is consensus among climate scientists that there will be worsening of weather volatility in the future associated with climate variability. Many climate variability predictions present several potential challenges to water and wastewater utilities, including us, such as:

- increased frequency and duration of droughts;
- increased precipitation and flooding;
- increased frequency and severity of storms and other weather events;
- challenges associated with changes in temperature or increases in ocean levels;
- potential degradation of water quality;
- decreases in available water supply and changes in water usage patterns;
- increases in the number, length and severity of disruptions in service;
- increased costs to repair damaged facilities; or
- increased costs to reduce risks associated with the increasing frequency and severity of natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems.

Because of the uncertainty of weather volatility related to climate variability, we cannot predict the potential impact on our business, financial condition, results of operations, cash flows and liquidity. Although some or all potential expenditures and costs associated with the impact of climate variability and related laws and regulations on our Regulated Businesses could be recovered through rates, infrastructure replacement surcharges or other regulatory mechanisms, there can be no assurance that PUCs would authorize rate increases to enable us to recover such expenditures and costs, in whole or in part.

The current regulatory rate setting process may result in a significant delay, also known as "regulatory lag," from the time that we invest in infrastructure improvements, incur increased operating expenses as a result of inflation or other factors, incur increased cost of capital, including as a result of increasing short- and long-term interest rates, or experience declining water usage, to the time at which we can seek to address these events in general rate cases; our inability to mitigate or minimize regulatory lag or the impacts thereof could adversely affect our business.

There is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase, including as a result of inflation or other factors, and the time when those costs are reflected in rates. In addition, billings permitted by PUCs typically are, to a considerable extent, based on the volume of water used in addition to a minimum base rate. Thus, we may experience regulatory lag between the time our revenues are affected by declining usage and the time we are able to adjust the rate per gallon of usage to address declining usage. Our inability to mitigate or reduce regulatory lag or the impacts thereof could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We endeavor to mitigate or reduce regulatory lag by pursuing constructive regulatory practices and certain regulatory mechanisms. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for a discussion of these practices and mechanisms. While these practices and mechanisms may serve to mitigate or reduce regulatory lag in certain of our regulated jurisdictions, we continue to seek approval of regulatory practices and mechanisms to mitigate or reduce regulatory lag in other jurisdictions that have not approved them. Furthermore, PUCs may fail to adopt new surcharges or those permitted by applicable law, and existing practices and mechanisms may not continue in their current form, or at all, and we may be unable or become ineligible to continue to utilize them in the future. Although we intend to continue to seek regulatory PUC approval of practices or mechanisms to mitigate or reduce regulatory lag, our efforts may not be successful in whole or in part, and even to the extent successful, our business, financial condition, results of operations, cash flows and liquidity may be materially and adversely affected by regulatory lag.

Changes in laws and regulations can significantly and materially affect our business, financial condition, results of operations, cash flows and liquidity.

The impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and regulations applicable to our Regulated Businesses is uncertain. Changes in laws or regulations, the imposition of additional laws and regulations, changes in enforcement practices of regulators, government policies or court decisions can materially affect our operations, results of operations and cash flows. Certain of the individuals who serve as regulators are elected or political appointees. Therefore, elections which result in a change of political administration or new appointments may also result in changes of the individuals who serve as regulators and changes in the policies of the regulatory agencies that they serve. New laws or regulations, new interpretations of existing laws or regulations, changes in agency policy, including those made in response to shifts in public opinion, or conditions imposed during the regulatory hearing process could have the following consequences, among others:

- making it more difficult for us to increase our rates and, as a consequence, to recover our costs or earn our expected rates of return;
- changing the determination of the costs, or the amount of costs, that would be considered recoverable in rate cases and other regulatory proceedings;
- restricting our ability to terminate our services to customers who owe us money for services previously provided or limiting our bill collection efforts;
- requiring us to provide water or wastewater services at reduced rates to certain customers;
- limiting or restricting our ability to acquire water or wastewater systems, purchase or dispose of assets, or issue long-term debt or equity, or making it less cost-effective for us to do so;
- negatively impacting, among other things: (i) tax rates or positions or the deductibility of expenses under federal or state tax laws, (ii) the availability or amount of, or our ability to comply with the terms and conditions of, tax credits or tax abatement benefits, (iii) the amount of taxes owed or paid, including as a result of the CAMT provisions, (iv) the timing of tax effects on rates, or (v) the ability to utilize our net operating loss carryforwards;
- increasing the associated costs of, and/or of difficulty complying with, environmental, health, safety, consumer privacy, water quality, and water quality accountability laws and regulations to which our operations are subject;
- changing or placing additional limitations on change in control requirements relating to any concentration of ownership of our common stock;
- making it easier for governmental entities to convert our assets to public ownership via condemnation, eminent domain or other similar process, or for governmental agencies or private plaintiffs to assert liability against us for damages under these or similar processes;
- increasing the costs and/or difficulty of complying with proposed changes to federal contracting regulations and contractor affirmative action audits;

- placing limitations, prohibitions or other requirements with respect to the sharing of information and participation in transactions by or between a regulated subsidiary and us or our other affiliates, including Service Company and any of our other subsidiaries;
- restricting or prohibiting our extraction of water from rivers, streams, reservoirs or aquifers; and
- revoking or altering the terms of a CPCN issued to us by a PUC or other governmental authority.

Regulatory and environmental risks associated with the collection, treatment and disposal of wastewater may impose significant costs and liabilities.

The wastewater collection, treatment and disposal operations of our subsidiaries are subject to substantial regulation and involve environmental risks. If collection, treatment or disposal systems fail, overflow, or do not operate properly, untreated or inadequately treated wastewater or other contaminants could spill onto nearby properties or into nearby streams and rivers, causing damage to persons or property, injury to aquatic life and economic damages. This risk is most acute during periods of substantial rainfall or flooding, which are the main causes of sanitary sewer overflow and system failure. Liabilities resulting from such events could adversely and materially affect our business, financial condition, results of operations and cash flows. Some of our wastewater systems have commercial and industrial customers that are subject to specific limitations on the type, character and concentration of the wastewater they are permitted to discharge into our systems. The failure by these commercial and industrial customers to comply with their respective discharge requirements could, in turn, negatively impact our operations, damage our facilities or cause us to exceed applicable discharge limitations and requirements. Liabilities resulting from such exceedance events could adversely and materially affect our business, financial condition, results of operations and cash flows.

A loss of one or more large industrial or commercial customers could have a material adverse impact upon the results of operations of one or more of our Regulated Businesses.

Adverse economic conditions may cause our customers, particularly industrial and large commercial customers, to curtail operations. A curtailment of operations by such a customer typically results in reduced water usage by that customer. In more severe circumstances, the decline in usage could be permanent. Any decrease in demand resulting from difficult economic conditions affecting these customers could adversely affect our business, financial condition, results of operations and cash flows. Utility tariffs in place with respect to our Regulated Businesses may not reimburse us, in whole or in part, for any of these impacts.

Our Regulated Businesses require significant capital expenditures and may suffer if we fail to secure appropriate funding to make investments, experience increases in short- and long-term interest rates or if we experience delays in completing major capital expenditure projects.

The water and wastewater utility business is capital intensive. We invest significant amounts of capital to add, replace and maintain property, plant and equipment, and to improve aging infrastructure. In 2025, we invested $3.2 billion in net Company-funded capital improvements. The level of capital expenditures necessary to maintain the integrity of our systems will continue into the future and, we believe, will increase. If we are not able to obtain sufficient financing through current or future sources of liquidity, we may be unable to maintain our existing property, plant and equipment, fund our capital investment strategies or expand our rate base to enable us to meet our growth targets. Even with adequate financial resources to make required capital expenditures, we face the additional risk that we will not complete our major capital projects on time, as a result of supply chain interruptions, construction delays, permitting delays, labor shortages or other disruptions, environmental restrictions, legal and regulatory challenges, or other obstacles. Each of these outcomes could adversely affect our business, financial condition, results of operations and cash flows.

Aging infrastructure may lead to service disruptions, property damage and increased capital expenditures and O&M expenses and other costs, all of which could negatively impact our financial results.

We have risks associated with aging infrastructure, including water and sewer mains, pumping stations and water and wastewater treatment facilities. Additionally, we may have limited information regarding buried and newly-acquired assets, which could challenge our ability to conduct efficient asset management and maintenance practices. Assets that have aged beyond their expected useful lives may experience a higher rate of failure. Failure of aging infrastructure could result in increased capital expenditures and O&M expenses and other costs. In addition, failure of aging infrastructure may result in property damage, and in safety, environmental and public health impacts. To the extent that any increased costs or expenditures are not fully recovered in rates, our results of operations, liquidity and cash flows could be negatively impacted.

Seasonality could adversely affect the volume of water sold and our revenues.

The volume of water we sell during the warmer months, typically in the summer, is generally greater than during other months, due primarily to increased water usage for irrigation systems, swimming pools, cooling systems and other applications. Throughout the year, and particularly during typically warmer months, the volume of water sold tends to vary with temperature, rainfall levels and rainfall frequency. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the amount of water we sell may decrease and adversely affect our revenues. Two of our regulated jurisdictions

currently have a revenue stability mechanism that permit us to recover a portion or all of our authorized revenues in a general rate case, regardless of volumetric consumption. These mechanisms are designed to recognize declining sales resulting from reduced consumption, while providing an incentive for customers to use water more efficiently. In those jurisdictions that have not adopted a revenue stability mechanism, our operating results could continue to be affected by seasonality.

Contamination of water supplies or our water service provided to our customers could result in service limitations and interruptions and exposure to substances not typically found in potable water supplies, and could subject us and our subsidiaries to reductions in usage and other responsive obligations, government enforcement actions, damage to our reputation and private litigation.

The water supplies that flow into our treatment plants or are delivered through our distribution system, or the water service that is provided to our customers, may be subject to contamination, including, among other types, contamination from naturally-occurring compounds, chemicals in groundwater systems, pollution resulting from manufactured sources (such as perchlorate, PFAS, methyl tertiary butyl ether, 1,4-dioxane, lead and other materials, or chemical spills or other incidents that result in contaminants entering the water source), and contamination resulting from new and emerging contaminants as well as cyber attacks, possible terrorist attacks or other similar incidents directed at our operations or industries upstream from our water treatment plants. If one of our water supplies or the water service provided to our customers is contaminated, depending on the nature of the contamination, we may have to take responsive actions that could include, among other things (1) limiting use of the water supply under a "Do Not Use" protective order that enables continuation of basic sanitation and essential fire protection, or (2) interrupting the use of that water supply or water service, in whole or in part, potentially impacting basic sanitation and fire protection needs. If service is disrupted, our financial condition, results of operations, cash flows, liquidity and reputation may be adversely affected. In addition, we may incur significant costs in order to treat the contaminated source through the expansion of our current treatment facilities or the development of new sources of supply or new treatment methods. We may be unable to recover costs associated with treating or decontaminating water supplies through insurance, customer rates, utility tariffs or contract terms, and any recovery of these costs that we are able to obtain through regulatory proceedings or otherwise may not occur in a timely manner. Moreover, we could be subject to claims for damages arising from government enforcement actions or toxic tort or other lawsuits, including class action lawsuits brought by affected parties, arising out of an interruption of service or human exposure to hazardous substances in our drinking water and water supplies. See Item 3—Legal Proceedings for information on certain pending lawsuits and other proceedings related to interruptions of water service.

Since we are engaged in the business of providing water service to our customers, contamination of the water supply, or the water service provided to our customers, could result in substantial injury or damage to our customers, employees or others and we could be exposed to substantial claims and litigation. Such claims could relate to, among other things, personal injury, loss of life, business interruption and expenses related thereto, property damage, pollution, and environmental damage and may be brought by our customers or third parties. Litigation and regulatory proceedings are subject to inherent uncertainties and unfavorable rulings can and do occur. We may not be protected from these claims or negative impacts of these claims in whole or in part by utility tariffs or other contract terms. Negative impacts to our reputation may occur even if we are not liable for any contamination or other environmental damage or the consequences arising out of human exposure to contamination or hazardous substances within the water supply or distributed finished drinking water. In addition, insurance coverage may not cover all or a portion of these losses and are subject to deductibles and other limitations. Pending or future claims against us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are subject to adverse publicity and reputational risks, which make us vulnerable to negative customer perception and could lead to increased regulatory oversight or sanctions.

Our business and operations have a large direct and indirect customer base and, as a result, we are exposed to public criticism regarding, among other things, the reliability of water service, wastewater and related or ancillary services, the quality of water provided, and the amount, timeliness, content, accuracy and format of bills that are provided for such services. Adverse publicity and negative consumer sentiment arising out of our operations may render legislatures and other governing bodies, PUCs and other regulatory authorities, and government officials less likely to view us in a favorable light, and may cause us to be susceptible to less favorable legislative, regulatory and economic outcomes, as well as increased regulatory investigations or other oversight and more stringent regulatory or economic requirements. Unfavorable regulatory and economic outcomes may include negative investigative conclusions and/or findings, the enactment of more stringent laws and regulations governing our operations and less favorable economic terms in our long-term contracts related to MSG, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on us and our long-term growth, financial condition, results of operations and cash flows.

The failure of, or the requirement to repair, upgrade or dismantle, any of our dams may adversely affect our financial condition, results of operations, cash flows and liquidity.

The properties of our Regulated Businesses segment include 75 dams, the majority of which are earthen dams. The failure of any of these dams could result in personal injury and property damage, including without limitation downstream property damage, for which we may be liable. The failure of a dam would also adversely affect our ability to supply water in sufficient quantities to our customers and could adversely affect our financial condition and results of operations. Any losses or liabilities incurred due to a failure of one of our dams might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future.

We also are required from time to time to decommission, repair or upgrade the dams that we own. The cost of such repairs or upgrades can be and has been material. The federal and state agencies that regulate our operations may adopt rules and regulations requiring us to dismantle our dams, which also could entail material costs. Although in most cases the PUC has permitted recovery of expenses and capital investment related to dam rehabilitation, we might not be able to recover costs of repairs, upgrades or dismantling through rates in the future. The inability to recover these costs or delayed recovery of the costs as a result of regulatory lag can affect our financial condition, results of operations, cash flows and liquidity.

Any failure of our network of water and wastewater pipes, water mains and water reservoirs could result in losses and damages that may affect our financial condition and reputation.

Our operating subsidiaries distribute water and collect wastewater through an extensive network of pipes, water and wastewater collection mains and storage systems located across the United States. A failure of major pipes, mains or reservoirs could result in injuries, property and other damage for which we may be liable. The failure of major pipes, mains and reservoirs may also result in the need to shut down some facilities or parts of our network in order to conduct repairs. Such failures and shutdowns may limit our ability to supply water in sufficient quantities to our customers and to meet the water and wastewater delivery requirements prescribed by government regulators, including PUCs with jurisdiction over our operations, and adversely affect our financial condition, results of operations, cash flows, liquidity and reputation. Any business interruption or other losses might not be covered by insurance policies or be recoverable in rates, and such losses may make it difficult for us to secure insurance at acceptable rates in the future. Moreover, to the extent such business interruptions or other losses are not covered by insurance, they may not be recovered through rate adjustments.

An important part of our growth strategy is the acquisition of water and wastewater systems, which involves risks, including competition for acquisition opportunities from other regulated utilities, governmental entities and other buyers, which may hinder or limit our ability to grow our business.

An important element of our growth strategy is the acquisition and optimization of water and wastewater systems to broaden our current, and move into new, service areas. We may not be able to acquire other systems or businesses if we cannot identify suitable acquisition opportunities or reach mutually agreeable terms with acquisition candidates, and whether or not any particular acquisition is successfully completed, these activities are expensive and time consuming and are subject to the availability of capital and personnel resources to complete such acquisitions.

As consolidation activity increases in the water and wastewater industries and competition from other regulated utilities, governmental entities and other strategic and financial buyers continues to increase, the prices for suitable acquisition candidates may increase and our ability to expand through acquisitions may otherwise be limited.

Some states in which we operate allow the respective public utility commissions to use fair market value to set ratemaking rate base instead of the traditional depreciated original cost of water or wastewater assets for certain qualifying acquisitions. Depending on the state, there are varying rules and circumstances in which fair value is determined. Some states' regulations allow ratemaking rate base to equal the lower of the average of the appraisals or the purchase price, subject to regulatory approval. There may be situations where we may pay more than the ultimate fair value of the utility assets as set by the regulatory commission, despite the fair value legislation suggesting its full recovery. In June 2024, the Pennsylvania Public Utility Commission updated existing procedures and guidelines designed to increase public involvement and ensure greater consistency in the process for reviewing and evaluating the acquisition and valuation of municipal-owned or authority-owned water and wastewater systems in Pennsylvania. This includes requirements for public notice and meetings, requires a rate impact notice, and provides other measures to improve the fair market value process when investor-owned utilities acquire water and wastewater utilities in Pennsylvania. In these situations, goodwill may be recognized to the extent there is an excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through a business acquisition. Our financial condition and results of operations could be harmed by an inability to earn a return on, and recover our purchase price as a component of rate base.

The negotiation and execution of potential acquisitions as well as the integration of acquired systems or businesses with our existing operations could require us to incur significant costs and cause diversion of our management's time and resources. Future acquisitions by us could result in, among other things:

- unanticipated capital expenditures;
- unanticipated acquisition-related expenses;
- incurrence or assumption of debt, contingent liabilities and environmental liabilities and obligations, including liabilities that were unknown or undisclosed at the time of acquisition;
- failure to sufficiently utilize or apply new or existing fair market value legislation or recover acquisition adjustments or premiums due to unfavorable decisions or interpretations by PUCs, courts and other governmental authorities;
- failure to maintain effective internal control over financial reporting;
- recording goodwill and other intangible assets at values that ultimately may be subject to impairment charges;
- fluctuations in quarterly and/or annual results;
- failure to realize anticipated or perceived benefits and synergies, such as desired return on equity or profitability, cost savings and revenue enhancements; and
- difficulties in integrating or assimilating acquired systems' operations, personnel, benefits, services and systems and water quality, cybersecurity and infrastructure protection measures.

Some or all of these items could have a material adverse effect on our business. In addition, state laws on acquisition treatment or PUC interpretation thereof may affect our ability to recover costs associated with our investments in newly-acquired water and wastewater systems and any difficulties we encounter in the negotiation, execution or integration process could have a material adverse impact on our results of operations, reduce our net income and profitability or adversely affect our internal control over financial reporting.

Our Regulated Businesses are subject to condemnation and other proceedings through eminent domain or other similar authorized process, which could materially and adversely affect their results of operations and financial condition.

Municipalities and other government subdivisions have historically been involved in the provision of water and wastewater services in the United States, and organized efforts may arise from time to time in one or more of the service areas in which our Regulated Businesses operate to convert our assets to public ownership and operation through exercise of the governmental power of eminent domain, or another similar authorized process. A municipality, other government subdivision or a citizen group may seek to acquire our assets through eminent domain or such other process, either directly or indirectly as a result of a citizen petition. For example, in December 2023, the MPWMD filed eminent domain litigation against Cal Am in Monterey County Superior Court with respect to the Monterey system assets and the case is pending. See Item 3—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation for additional information regarding this matter.

Furthermore, the law in certain jurisdictions in which our Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if the public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has disallowed recovery in rates of losses incurred by these utilities as a result of such lawsuits.

Contesting an exercise of condemnation, eminent domain or other similar process, or responding to a citizen petition, may result in costly legal proceedings and may divert the attention of management. Moreover, our efforts to resist the condemnation, eminent domain or other process may not be successful, which may require us to sell the operations at issue in a condemnation proceeding or to pay a private property owner compensation for the property damage suffered. If a municipality or other government subdivision succeeds in acquiring the assets of one or more of our Regulated Businesses through eminent domain or other process, there is a risk that we will not receive adequate compensation for the business, that we will not be able to keep the compensation, or that we will not be able to divest the business without incurring significant charges. Any of these outcomes may have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We have been, and may in the future be, subject to physical and cyber attacks.

As owners and operators of critical infrastructure, we face a heightened risk of physical attack and cyber attacks from internal or external sources, including nation-state cyber actors. Our water and wastewater systems have been, and may in the future be, vulnerable to disability or failures as a result of physical or cyber attacks, acts of war or terrorism, vandalism and other causes. Our operational and information technology systems are also vulnerable to unauthorized external or internal access, due to hacking, viruses, social engineering attacks, acts of violence, war or terrorism, and other causes. Unauthorized access to confidential information located or stored on these systems could negatively and materially impact our reputation, customers, employees, suppliers

and other third parties. Such unauthorized access could be caused through, among other causes, failure to follow established policies and procedures on the part of our employees, agents, vendors, suppliers, contractors or other third parties. Further, third parties, including vendors, suppliers and contractors, who perform certain services for us or administer and maintain our networks and sensitive information, have been, and may in the future be, targets of cyber attacks and unauthorized access to their operational or information technology systems, and any cyber incident affecting our third-party business partners could significantly disrupt our operations.

While we believe that we have appropriate security measures and safeguards to protect our operational and information technology systems, the cybersecurity incident that we experienced in October 2024 demonstrated that those protections alone may not prevent a cyber attack, and we cannot guarantee that such protections will be completely successful in preventing or mitigating a future cyber attack. Future cybersecurity events could cause our operations to be disrupted, property to be damaged, and customer and other confidential information to be lost or stolen; we could experience substantial loss of revenues, response costs and other financial loss; we would likely suffer a loss or redirection of management time, attention and resources from our regular business operations; we may be subject to increased regulatory requirements; our ability to comply with environmental standards and to continue to provide reliable service to our customers may be impacted; we would likely experience litigation and other claims against us; and we may suffer damage to our reputation, any of which could have a negative impact on our business, financial condition, results of operations and cash flows. Applicable laws and regulations or contracts may require us to report cybersecurity events or breaches of securely maintained confidential data, which may cause us to incur costs related to legal claims or proceedings and regulatory fines or penalties. These types of events, and their resulting impacts, either to our facilities or assets, those of third parties, or the industry in general, may also cause us to incur additional security and insurance related costs. In addition, in the ordinary course of business, we collect and retain sensitive information, including personally identifiable information, about our customers and employees. In many cases, we outsource administration of certain functions to vendors that have been and will continue to be targets of cyber attacks. Any theft, loss or fraudulent use of customer, employee or proprietary data as a result of a cyber attack on us or a vendor, supplier, contractor or other third-party business partner could also subject us to significant litigation, liability and costs, as well as adversely impact our reputation with customers and regulators, among others.

We have obtained insurance to provide coverage for a portion of the losses and damages that may result from a physical attack, cyber attack or a security breach, but such insurance is subject to a number of exclusions and may not cover the total loss or damage caused by an attack or a breach. However, adequate insurance may not be available at rates that we believe are reasonable, and the costs of responding to and recovering from a physical attack, cyber attack or security breach incident may not, in whole or in part, be covered by insurance or recoverable in rates. See —Risks Related to our Industry and Business Operations—We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured, below for more information.

Our business is subject to complex and evolving federal, state and local laws and regulations regarding consumer privacy and the protection or transfer of data relating to individuals, which could result in, among other things, public disclosure of incidents, private or governmental claims or litigation against us, changes to our business practices, monetary penalties, reputational harm and increased cost of operations.

Laws and regulations are changing and increasing rapidly with respect to data and consumer privacy, security and protection. We are subject to an increasing number of complex and continually evolving data and consumer privacy, security and protection laws and regulations administered by various federal, state and local governments. New laws and regulations may require us to disclose incidents to authorities, regulators and/or the public, when we otherwise may not have been required to disclose such incidents under previous laws and regulations, and such disclosures could negatively and materially impact our reputation, customers, employees, suppliers and other third parties. Federal and state governments have also adopted or are proposing other limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information. In addition, the Federal Trade Commission and state attorneys general are applying federal and state consumer protection laws to impose standards on the collection, use and dissemination of data. Moreover, we expect that current laws, regulations and industry standards concerning privacy, data protection and information security in the United States will continue to evolve and increase, and we cannot determine the impact that compliance with such future laws, regulations or standards will have on us or on our business. Any failure or perceived failure by us to comply with current or future federal, state, or local data or consumer privacy or security laws, regulations, policies, guidance, industry standards, or legal obligations, or any incident resulting in unauthorized access to, or the acquisition, release, or transfer of, personally identifiable information or other data relating to our customers, employees and others, may result in private or governmental enforcement actions, litigation or other claims, as well as damages, fines, penalties and/or adverse disclosures, perception or publicity about us and our businesses. These events could also require us to change our business practices, and the events (including any actions we may take to respond to or following such events) or such changes may result in significant diversions of resources, distract management and divert the focus and attention of our security and technical personnel from other critical activities. Any of the foregoing consequences could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows and liquidity.

We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured. We also rely on a limited number of mutual insurance companies for a significant portion of our insurance coverage and any disruption in these markets or changes in the terms offered by these companies could materially increase our costs or limit our ability to obtain adequate insurance.

We maintain insurance coverage, some of which may be self-insured, as part of our overall legal and risk management strategy to minimize potential liabilities arising from our operations. Our insurance programs have varying coverage limits, exclusions and maximums, and insurance companies may seek to deny claims we might make. Generally, our insurance policies cover property damage, worker's compensation, employer's liability, general liability, cybersecurity, terrorism risks and automobile liability. Each policy includes deductibles or self-insured retentions and policy limits for covered claims. As a result, we may sustain losses that exceed or that are excluded from our insurance coverage, or for which we are self-insured and must therefore utilize our own financial resources to cover such losses.

In addition, we maintain a substantial portion of our liability and property insurance coverage through a small number of mutual insurance companies that specialize in providing coverage to the utility industry. These mutual insurers provide us with competitive terms, conditions, and self-insured retentions that may not be available in the broader commercial insurance market. If one or more of these mutual insurers were to experience significant financial distress, experience a dilution in their credit ratings, decide to withdraw from the utility sector, or otherwise restrict insurance terms and conditions, we could face a substantial increase in our insurance premiums or a reduction in the scope of available coverage, or the inability to obtain coverage at all.

Although in the past we have been generally able to obtain insurance coverage related to our business, there can be no assurance that we can continue to be able to secure all necessary or appropriate insurance in the future on an economically reasonable basis or at all. For example, catastrophic events can result in decreased coverage limits, more limited coverage, increased premium costs, a reduction in the number of insurance carriers willing or able to provide us with coverage, or increased deductibles or self-insured retention requirements. Any or all of the foregoing circumstances described above could result in us experiencing losses that are uninsured or underinsured, or result in us being unable to continue to maintain appropriate or reasonable insurance coverage for our business, which could have a material adverse effect on our business, results of operations, financial condition, cash flows and liquidity.

We rely on technology to facilitate the management of our business as well as our customer and supplier relationships, and a failure or disruption of implemented technology could materially and adversely affect our business.

Technology is an integral part of our business and operations, and any failure or disruption of the technology or related systems we implement, including as a result of a cyber incident, could significantly limit our ability to manage and operate our business effectively and efficiently, which, in turn, could cause our business and competitive position to suffer and adversely affect our results of operations. We use technology systems to, among other things, obtain meter readings, bill customers, process orders, provide customer service, and manage certain plant operations and construction projects, including systems to support environmental compliance, provide for the safety of the water distributed to customers, create and manage our financial records and other operational data, track assets, remotely monitor our plants and facilities, and manage human resources, supply chain, inventory, and accounts receivable collections. In addition, we have invested resources to develop and adopt new technologies, including cloud-based systems, which rely on the security of our infrastructure, including hardware and other components provided by third parties, to support the reliability of our services and protect our data. While any failures that we have experienced have not to date had a material adverse effect on our operations, there can be no assurance that efforts to address performance failures or other issues we may experience with implemented technology will be successful in the future and that these or future failures of water meters or other technological issues will not have a material adverse effect on us.

Although we do not believe that the technology we have implemented or may in the future implement is at a materially greater risk of failure than that used by other similar organizations, our technology and operations that use or rely on technology, including cloud-based systems, remain vulnerable to damage or interruption from, among other things: failure or interruption of the technology or its related systems; loss or failure of power, internet, telecommunications or data network systems; and operator error or improper operation by, the negligent or improper supervision of, or the intentional acts of, employees, contractors and other third parties. Any or all of these events could have a material adverse impact on our business, results of operations, financial condition and cash flows.

An inability to successfully develop and implement new technologies poses substantial risks to our business and operational excellence strategies, which could have a material adverse effect on our business and financial results.

A significant part of our long-term strategic plan focuses on safety, operational excellence, cost and expense efficiency (including O&M expense efficiency), water quality and affordability, asset and capital management and the customer experience. For example, we have made and plan to continue to make significant investments in developing, deploying, integrating, enhancing and maintaining customer-facing technologies, applications to support field service and customer service operations, water source monitoring technologies, meter data management and analytics, and intelligent automation technologies. There can be no assurance that we will be successful in designing, developing, deploying, integrating or maintaining these new technologies. Because these

efforts can be long-term in nature, these new technologies may be more costly or time-consuming than expected to design, develop, integrate and complete and may not ultimately deliver the expected or desired benefits upon completion. While we have and will continue to seek to recover costs and earn a return on capital expenditures with respect to the costs and expenses of development and deployment of these new technologies in our Regulated Businesses, there can be no assurance that we will be able to do so in every instance or at all, and our inability to do so may adversely affect our ability to achieve intended cost and expense, including O&M expense, efficiencies or other key performance results and, ultimately, could materially and adversely impact our business, financial condition, results of operations and cash flows.

Our inability to efficiently upgrade and improve our operational and technology systems, or implement new systems, could result in higher than expected costs or otherwise adversely impact our internal controls environment, operations and profitability.

Upgrades and improvements to computer systems and networks, or the implementation of new systems, may require substantial amounts of management's time and financial resources to complete, and may also result in system or network defects or operational errors due to multiple factors, including employees' ability to effectively use the new or upgraded system. We have implemented, and will continue to implement, technology to improve our business processes and customer interactions (including, without limitation, in connection with the installation or upgrade of our enterprise resource planning systems, and to support our cybersecurity program), and have installed new, and upgraded existing, technology systems. Any technical or other difficulties in upgrading and improving existing or implementing new technology systems may increase costs beyond those anticipated and have an adverse or disruptive effect on our operations and reporting processes, including our internal control over financial reporting. We may also experience difficulties integrating current systems with new or upgraded systems, which may impact our ability to serve our customers effectively or efficiently. Although we make efforts to minimize any adverse impact on our controls, business and operations, we cannot assure that all such impacts have been or will be mitigated, and any such impacts could harm our business (individually or collectively) and have a material adverse effect on our results of operations, financial condition and cash flows.

Disruptions in our supply chain related to goods, such as pipe, chemicals, power and other fuel, equipment, water and other raw materials, and services, could adversely impact our operations and our ability to serve our customers, as well as our financial results.

Our ability to serve our customers and operate our business in compliance with regulatory requirements is dependent upon purchasing or securing necessary goods and services from our suppliers and vendors. These items include but are not limited to contracted services, chemicals, pipe, valves, hydrants, fittings, equipment (including personal protective equipment), water, and power and other fuel. Examples of supply chain disruptions include reduced quantities of goods available in the marketplace, delays in manufacturing or shipping goods, labor shortages at our suppliers or vendors, natural or other disasters and operational impacts to some of our suppliers or vendors. Disruptions in our supply chain related to goods and services have occurred and we anticipate will continue to occur into the foreseeable future.

Supply chain disruptions may cause us to be unable to purchase or otherwise obtain needed goods or services at a reasonable price or at all, and may significantly increase the price of goods and services we may obtain from suppliers and vendors. This, in turn, may adversely impact our operations and our ability to serve our customers in compliance with regulatory requirements, as well as our associated results of operations, cash flows and financial condition. While we attempt to plan for and have contingencies in place to address supply chain disruptions, our mitigation efforts may not be successful or may have further negative impacts on us.

Our business has inherently dangerous work sites. If we fail to maintain safe work sites, we may experience workforce or customer injuries or loss of life, and be exposed to financial losses, including penalties and other liabilities.

Safety is a core value at American Water. Our safety performance and progress to our ultimate desired goal of zero injuries are critical to our ability to carry out our operations effectively and to serve our customers, and thereby, to support our reputation. We maintain health and safety practices to protect our employees, customers, contractors, vendors and the public.

At our business sites, including construction and maintenance sites, our employees, contractors and others are often in close proximity to large mechanical operating equipment, moving vehicles, pressurized water, electric and gas utility lines, below grade trenches and vaults, electrical and pneumatic hazards, fall from height hazards, suspended loads, hazardous chemicals and other regulated materials. On many sites, we are responsible for safety and, accordingly, must implement important safety procedures and practices above governmental regulatory requirements. As an essential business that provides water and wastewater services, we are focused on the health and safety of our employees, contractors, vendors, customers and others who work at or visit our worksites. If the procedures we implement are ineffective or are not followed by our employees, contractors or others, or we fail to implement procedures, our employees, contractors and others may experience illness, or minor, serious or fatal injuries. Even when employees implement all appropriate and effective safety measures and precautions, accidents, injuries and even fatalities can and do occur. See Item 1—Business—Human Capital Resources—Safety First. Unsafe work sites have the potential to increase employee turnover, expose us to litigation and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

In addition, our operations can involve the delivery, handling, storage, use and disposal of hazardous chemicals, which, if improperly delivered, handled, stored, used or disposed of, or if the location and identification of these chemicals are not reported accurately or timely, serious injury, death, environmental damage or property damage could result, and we could be subjected to fines, penalties or other liabilities. We are also subject to various environmental, transportation and occupational health and safety regulations. Although we maintain functional employee groups whose primary purpose is to implement effective environmental health and safety work procedures and practices throughout our organization, including construction sites and operating facilities, the failure to comply with these regulations or procedures could subject us to liability.

Work stoppages and other labor relations matters could adversely affect our results of operations and the ability to serve our customers.

As of December 31, 2025, approximately 44% of our workforce was represented by unions, and we had 74 collective bargaining agreements in place with 14 different unions representing our unionized employees. These collective bargaining agreements, 26 of which are scheduled to expire during 2026, are subject to periodic renewal and renegotiation. We may not be able to successfully renew or renegotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. Any negotiations or dispute resolution processes undertaken in connection with our labor contracts could be delayed or affected by labor actions or work stoppages and by external political, economic and social factors. Labor actions, work stoppages or the threat of work stoppages, and our failure to obtain favorable labor contract terms during renegotiations, may disrupt our operations, negatively impact the ability to serve our customers, and result in higher labor costs, which could adversely affect our reputation, financial condition, results of operations, cash flows and liquidity. While we have developed contingency plans to be implemented as necessary if a work stoppage or strike does occur, a strike or work stoppage may have a material adverse impact on our financial position, results of operations and cash flows.

Financial, Economic and Market-Related Risks

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business, and we may be unable to generate sufficient cash flows to satisfy our liquidity needs.

As of December 31, 2025, our aggregate long-term and short-term debt balance (including preferred stock with mandatory redemption requirements) was $15.8 billion, and our working capital (defined as current assets less current liabilities) was in a deficit position. Our indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital requirements or capital expenditures;
- exposing us to interest rate risk with respect to the portion of our indebtedness that bears interest at variable rates;
- limiting our ability to pay dividends on our common stock or make payments in connection with our other obligations;
- impairing our access to the capital markets for debt and equity;
- requiring that an increasing portion of our cash flows from operations be dedicated to the payment of the principal and interest on our debt, thereby reducing funds available for future operations, dividends on our common stock or capital expenditures;
- limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and
- placing us at a competitive disadvantage compared to those of our competitors that have less debt.

During 2025, we utilized existing sources of liquidity, such as our current cash balances, cash flows from operations and borrowings under our commercial paper program, to meet our short-term liquidity requirements. We believe that existing sources of liquidity will be sufficient to meet our cash requirements for the foreseeable future. In order to meet our capital expenditure and other operational needs, however, we may be required to borrow additional funds under the revolving credit facility. In the event of a sustained market deterioration, we may need to obtain additional sources of liquidity, which would require us to evaluate available alternatives and take appropriate actions. Moreover, additional borrowings may be required to repay or refinance outstanding indebtedness. Debt maturities and sinking fund payments in 2026, 2027 and 2028 will be $1,479 million, $646 million and $869 million, respectively. We can provide no assurance that we will be able to access the debt or equity capital markets on favorable terms, if at all, to repay or refinance this debt. Moreover, as new debt is added to our current debt levels, the related risks we now face could intensify, limiting our ability to repay or refinance existing debt on favorable terms.

Given our usage of long-term debt as a key component of our capital and investment strategy, one of the principal market risks to which the Company is exposed is changes in interest rates. We have in the past entered into, and in the future may enter into, financial derivative instruments, including without limitation, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk. However, these efforts may not be effective to fully mitigate interest rate risk, and may expose us to other risks and uncertainties, including quarterly “mark to market” valuation

risk associated with these instruments, that could negatively and materially affect our financial condition, results of operations and cash flows.

Our ability to pay our expenses and satisfy our debt service obligations depends in significant part on our future performance, which will be affected by the financial, business, economic, competitive, legislative (including tax initiatives and reforms, and other similar legislation or regulation), regulatory and other risk factors described in this section, many of which are beyond our control. If we do not have sufficient cash flows to pay the principal and interest on our outstanding debt, we may be required to refinance all or part of our existing debt, reduce capital investments, sell assets, borrow additional funds or sell additional equity. In addition, if our business does not generate sufficient cash flows from operations, or if we are unable to incur indebtedness sufficient to enable us to fund our liquidity needs, we may be unable to plan for or respond to changes in our business, which could cause our financial condition, operating results and prospects to be affected materially and adversely.

Our inability to access the debt or equity capital or financial markets or other events could affect our ability to meet our long-term commitments or liquidity needs at reasonable cost, which could adversely affect our financial condition and results of operations.

In addition to cash from operations, during 2025, we relied on a $2.75 billion revolving credit facility, a $2.60 billion commercial paper program, and the debt capital markets, to satisfy our liquidity needs. Historically, we have regularly used our commercial paper program rather than the revolving credit facility as a principal source of short-term borrowing due to the generally more attractive rates we generally could obtain in the commercial paper market. As of December 31, 2025, there were no outstanding borrowings under the revolving credit facility, $1,590 million of commercial paper outstanding and $84 million in outstanding letters of credit. There can be no assurance that we will be able to continue to access this commercial paper program or revolving credit facility, when, as and if desired, or that the amount of capital available thereunder will be sufficient to meet all of our liquidity needs at a reasonable, or any, cost.

Our ability to comply with covenants in our revolving credit facility and our other consolidated indebtedness is subject to various risks and uncertainties, including events beyond our control. For example, under the terms of the revolving credit facility, our consolidated debt cannot exceed 70% of our consolidated capitalization, as determined under the terms of the facility. If our equity were to decline or debt were to increase to a level that causes us to exceed this limit, lenders under the facility would be entitled to refuse any further extension of credit and to declare all of the outstanding debt thereunder immediately due and payable. Events that could cause a reduction in equity include, without limitation, a significant write-down of our goodwill. To avoid such a default, a waiver or renegotiation of this covenant would be required, which would likely increase funding costs and could result in additional covenants that would restrict our operational and financing flexibility. Even if we are able to comply with this or other covenants, the limitations on our operational and financial flexibility could harm our business by, among other things, limiting our ability to incur indebtedness or reduce equity in connection with financings or other corporate opportunities that we may believe would be in our best interests or the interests of our shareholders to complete.

In order to meet our future capital expenditure needs, we currently plan over the next five years to issue a combination of short-term and long-term debt, as well as additional equity. Disruptions in the debt or equity capital markets or changes in our credit ratings or other events could limit our ability to access capital on terms favorable to us or at all. While the lending banks that participate in the revolving credit facility have to date honored their commitments under those facilities, disruptions in the credit markets, changes in our credit ratings, or deterioration of the banking industry’s financial condition could discourage or prevent lenders from meeting their existing lending commitments, extending the terms of such commitments, or agreeing to new commitments. In such a case, we may not be able to access the commercial paper, debt or equity capital markets, or other sources of potential liquidity, in the future on terms acceptable to us or at all. Furthermore, our inability to maintain, renew or replace commitments under our revolving credit facility could materially increase our cost of capital and adversely affect our financial condition, results of operations and liquidity. Short- or long-term disruptions or volatility in the debt or equity capital and credit markets as a result of economic, legislative, political or other uncertainties, including as a result of changes in U.S. tax and other laws, reduced financing alternatives, or failures of significant financial institutions could adversely affect our access to the capital necessary to provide adequate liquidity for our business. Significant volatility or disruptions in the debt or equity capital or credit markets, or financial institution failures, could require us to take measures to conserve cash until the market stabilizes or until alternative financing can be arranged. Such measures could include delaying or deferring capital expenditures, reducing or suspending dividend payments, and reducing other discretionary expenditures. Finally, even absent significant volatility or disruptions in the capital markets, there can be no assurance that we will be able to access markets to obtain capital or financing when necessary or desirable and on terms that are reasonable or acceptable to us. The occurrence of any of these circumstances could expose us to increased interest or other expense, require us to institute cash or liquidity conservation measures or otherwise adversely and materially affect our business, financial condition, results of operations, cash flows and liquidity, which may limit or impair our ability to achieve our strategic, business and operational goals and objectives.

Settlement provisions contained in our forward sale agreements subject us to risks if certain events occur, which could have an effect on our results of operations and liquidity, and could cause the price of our common stock to decline.

In August 2025, we entered into forward sale agreements with each of Wells Fargo National Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC, each as forward purchasers, relating to an aggregate of 8,098,592 shares of our common stock. Each forward purchaser will have the right to accelerate the forward sale agreement to which it is a party and require us to physically settle such forward sale agreement on a date specified by such forward purchaser if:

- in the good faith, commercially reasonable judgment of such forward purchaser, it or its affiliate is unable to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of such forward sale agreement or it or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than an extraordinary dividend), (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such forward purchaser;
- certain ownership thresholds applicable to such forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreements), as well as certain events such as a delisting of our common stock (each as more fully described in the forward sale agreements); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made by us in connection with our entry into a forward sale agreement, our bankruptcy (except as described below) or certain changes in law (each as more fully described in the forward sale agreements).

A forward purchaser's decision to exercise its right to accelerate a forward sale agreement to which it is a party (or, in certain cases, the portion thereof that it determines is affected by the relevant event) will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the physical settlement provisions of that particular forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. In addition, upon certain events of bankruptcy or insolvency related to us, each forward sale agreement will automatically terminate without further liability of either party. Following any such termination, we would not issue any shares of our common stock or receive any proceeds pursuant to the forward sale agreements.

Each forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion on or prior to December 31, 2026. Each forward sale agreement will be physically settled by delivery of shares of our common stock, unless we elect to cash settle or net share settle such forward sale agreement. Upon physical settlement or, if we so elect, net share settlement of a particular forward sale agreement, delivery of shares of our common stock in connection with such physical settlement or (to the extent we are obligated to deliver shares of our common stock) net share settlement will result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of our common stock underlying a particular forward sale agreement, we expect that the relevant forward purchaser (or an affiliate thereof) will purchase a number of shares of our common stock necessary to satisfy its or its affiliate's obligation to return the shares of our common stock borrowed from third parties in connection with the related sales of shares of our common stock under that forward sale agreement and, upon net share settlement, its obligation to deliver shares to us, if applicable. If the market value of shares of our common stock during the relevant valuation period under the particular forward sale agreement is above the applicable forward sale price, in the case of cash settlement, we would be obligated to pay the relevant forward purchaser under that particular forward sale agreement an amount in cash equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to cash settlement or, in the case of net share settlement, we would be obligated to deliver to the relevant forward purchaser a number of shares of our common stock having a value equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to net share settlement. Thus, we could be responsible for a potentially substantial cash payment or share delivery obligation.

In addition, the purchase of shares of our common stock in connection with the relevant forward purchaser or its affiliate unwinding its hedge positions could cause the market price of our common stock to increase over such time (or prevent a decrease over such time), thereby increasing the amount of cash we would owe to the relevant forward purchaser (or decreasing the amount of cash that the relevant forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of our common stock we would be obligated to deliver to the relevant forward purchaser (or decreasing the number of shares of our common stock that the relevant forward purchaser would be obligated to deliver to us) upon net share

settlement of the relevant forward sale agreement. We will not be able to control the manner in which the forward purchasers unwind their hedge positions.

The forward sale price that we expect to receive upon physical settlement of the forward sale agreements is subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding rate less a spread and will be decreased based on amounts related to expected dividends on shares of our common stock during the term of such forward sale agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price for such day.

In certain bankruptcy or insolvency events, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the forward sales of our common stock.

If we institute or consent to, or an appropriate regulatory or other authority institutes against us, a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or if we or such authority presents a petition for our winding up or liquidation or we consent to such a petition, each forward sale agreement will automatically terminate. If a forward sale agreement so terminates, we would not be obligated to deliver to the relevant forward purchaser any shares of our common stock not previously delivered (or for which physical settlement has not been elected), and the relevant forward purchaser would be discharged from its obligation to pay the forward sale price per share in respect of any shares of our common stock not previously settled (or for which physical settlement has not been elected). Therefore, to the extent there are any shares of our common stock with respect to which we have not elected to physically settle under a forward sale agreement at the time of the institution of or consent to any such bankruptcy or insolvency proceedings or any such petition, we would not receive the forward sale price per share in respect of those shares of our common stock.

Our shareholders may experience dilution as a result of the issuance of shares upon physical or net share settlement of the forward sale agreements, which may impact our earnings per share and the book value and fair value of our common stock.

Our issuance of common stock pursuant to a forward sale agreement upon physical settlement or net share settlement thereof will have a dilutive effect on our earnings per share. Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors who do not participate in future issuances. Shareholders will not be entitled to vote on our issuance of additional common stock. In addition, our shareholders may experience dilution in both the book value and fair value of their shares.

The conditional exchange feature of the Exchangeable Notes, if triggered, may adversely affect our liquidity and financial condition and may dilute the ownership interest of our shareholders or may otherwise depress the price of parent company's common stock.

In June 2023, American Water Capital Corp., our wholly owned finance subsidiary ("AWCC"), issued $1,035 million aggregate principal amount of Notes. See Note 11—Long-Term Debt in the Notes to the Consolidated Financial Statements for a description of the Exchangeable Notes. In the event the conditional exchange feature of the Exchangeable Notes is triggered and one or more holders elect to exchange their Exchangeable Notes, AWCC would be required to settle any exchanged principal through the payment of cash, which could adversely affect our liquidity. If AWCC elects to settle the portion, if any, of an exchange obligation in excess of the aggregate principal amount of the Exchangeable Notes being exchanged in shares of parent company common stock or a combination of cash and shares of such common stock, any sales in the public market of the common stock deliverable upon such exchange could adversely affect prevailing market prices of parent company common stock. In addition, the existence of the Exchangeable Notes may encourage short selling by market participants because the exchange of the Exchangeable Notes could be used to satisfy short positions, and any anticipated exchange of the Exchangeable Notes for shares of such common stock could depress the price of such common stock.

Parent company may be unable to meet its ongoing and future financial obligations and to pay dividends on its common stock if its subsidiaries are unable to pay upstream dividends or repay funds.

Parent company is a holding company and, as such, it has no substantive operations of its own. Substantially all of our consolidated assets are held by subsidiaries. Parent company's ability to meet its financial obligations and to pay dividends on its common stock is primarily dependent on the net income and cash flows of its subsidiaries and their ability to pay upstream dividends or repay indebtedness to parent company. Prior to paying dividends to parent company, our regulated subsidiaries must comply with applicable regulatory restrictions and financial obligations, including, for example, debt service and preferred and preference stock dividends, as well as applicable corporate, tax and other laws and regulations and agreements, and our covenants and other agreements. Our subsidiaries are separate legal entities and have no obligation to pay or upstream dividends to parent company. A failure or inability of any of these subsidiaries to pay such dividends or repay intercompany obligations could have a material adverse impact on our liquidity and parent company's ability to pay dividends on its common stock and meet its other obligations.

We have a significant amount of goodwill and other assets measured and recorded at fair value on a recurring basis, and we may be required to record impairments or changes in fair value to these assets, which may negatively affect our financial condition and results of operations.

Our assets as of December 31, 2025, included $1.2 billion of goodwill and $254 million of total assets measured and recorded at fair value on a recurring basis. The goodwill is primarily associated with the acquisition of American Water by an affiliate of our previous owner in 2003. Goodwill represents the excess of the purchase price the purchaser paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. As required by the applicable accounting rules, in the past, we have taken significant non-cash charges to operating results for impairments to goodwill or other intangible assets, and have recorded changes in fair value of financial instruments and other assets. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to market conditions, other factors related to our performance or the performance of an acquired business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. These market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water utilities, market price performance of our common stock that compares unfavorably to our peer companies, decreases in control premiums, or other circumstances. A decline in the results forecasted in our business plan due to events such as changes in rate case results, capital investment budgets or interest rates, could also result in an impairment charge. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

Market volatility and other conditions may impact the value of benefit plan assets and liabilities, as well as assumptions related to the benefit plans, which may require us to provide significant additional funding.

The performance of the capital markets affects the values of the assets that are held in trust to satisfy significant future obligations under our pension and postretirement benefit plans. The value of these assets is subject to market fluctuations and volatility, which may cause investment returns to fall below our projected return rates. A decline in the market value of our pension and postretirement benefit plan assets as of the measurement date or a change in the projection of the future return on plan assets can increase the funding requirements under our pension and postretirement benefit plans. Additionally, our pension and postretirement benefit plan liabilities are sensitive to changes in interest rates. Interest rates have experienced volatility and are subject to potential further adjustments based on the actions of the U.S. Federal Reserve, and others. If interest rates are lower at the current measurement date than the prior measurement date, our liabilities would increase, potentially increasing benefit expense and funding requirements. Further, changes in assumptions, such as increases in life expectancy assumptions and increasing trends in health care costs may also increase our funding requirements. Future increases in pension and other postretirement costs as a result of reduced plan assets may not be fully recoverable in rates, in which case our results of operations and financial position could be negatively affected. In addition, market factors can affect assumptions we use in determining funding requirements with respect to our pension and postretirement plans. For example, a relatively modest change in our assumptions regarding discount rates can materially affect our calculation of funding requirements. To the extent that the discount rate used in our assumptions is reduced, our benefit obligations could be materially increased, which could adversely affect our financial position, results of operations and cash flows.

Risks Related to the Proposed Merger with Essential

The market price of shares of parent company's or Essential's common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, and as a result, the consideration at the date of the closing of the proposed Essential merger may vary significantly from the date the Essential Merger Agreement was executed.

Upon completion of the proposed Essential merger, each outstanding share of Essential common stock will be converted into the right to receive 0.305 shares of parent company common stock. The number of shares of parent company common stock to be issued pursuant to the Essential Merger Agreement for each share of Essential common stock will not change to reflect changes in the market price of parent company common stock or Essential's common stock. Because we may not complete the proposed Essential merger until a significant period of time has passed after the determination of the exchange ratio, the market value of parent company common stock issued in connection with the Essential merger and the Essential common stock surrendered in connection with the Essential merger may be higher or lower than the value of the shares at the time the exchange ratio was fixed. Stock price changes may result from market assessment of the likelihood that the proposed Essential merger will be completed, changes in our or Essential's business, operations or prospects prior to or following the proposed Essential merger, litigation or regulatory considerations, reactions from the financial markets or analysts, general business, market, industry or economic conditions, and other factors both within and beyond our control, including the risks, uncertainties and other factors described in this Annual Report on Form 10-K and in our other SEC filings. We may not terminate the Essential Merger Agreement solely because of changes in the market price of either company's common stock.

The proposed Essential merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed Essential merger or impose conditions that could have a material adverse effect on us or the combined company.

We anticipate that, subject to the receipt of all required regulatory and other consents and approvals and the satisfaction or waiver of all other closing conditions, the Essential merger will be completed in the first quarter of 2027. Among other closing conditions, completion of the proposed Essential merger is conditioned upon the receipt of such required consents, orders and approvals from various governmental and regulatory entities and other third parties, including PUCs in certain states in which either or both companies operate, including without limitation the Pennsylvania Public Utility Commission. The proposed merger is also subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the proposed merger is a condition to closing the proposed merger.

We cannot provide any assurance that all of the required consents, orders and approvals will be obtained or that these consents, orders or approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the Essential merger, including requiring one or both companies to dispose of certain assets. The Essential Merger Agreement allows, subject to certain conditions, limitations and exclusions, each party to terminate the Essential Merger Agreement (and generally without the payment of a termination fee to the non-terminating party) if the final terms of any of the required regulatory consents, orders or approvals would result in or require an undertaking of efforts or the taking of action that would reasonably be expected to have, individually or in the aggregate, a "burdensome effect" (as defined in the Essential Merger Agreement). Any substantial delay in obtaining satisfactory consents, orders or approvals, or the imposition of any requirements, terms or conditions in connection with a party's obtaining such consents, orders or approvals, could be on terms that we or Essential do not believe to be reasonable or could cause a material reduction in the expected benefits of the proposed merger and/or an impairment or deterioration in our or Essential's relationships with their respective applicable PUCs. If any such delays or conditions are significant enough, one or both parties may decide to abandon the proposed Essential merger and terminate the Essential Merger Agreement, subject to its terms. If the proposed merger is not completed, our ongoing businesses may be adversely affected, including, as follows:

- having to pay certain significant costs relating to the proposed merger without receiving the benefits of the proposed merger, including, in certain circumstances, a payment by us to Essential of a termination fee of $835 million in the case of a termination fee payable by us to Essential;
- diversion of management's attention from day-to-day operations;
- not pursuing other strategic transactions that we may have otherwise considered had we not entered into the Essential Merger Agreement with Essential;
- we will have been subject to certain restrictions on the conduct of our ongoing businesses, which may have prevented us from making certain acquisitions or dispositions or pursuing certain business opportunities while the proposed merger was pending; and
- the price of parent company's common stock may decline to reflect assumptions by the market as to whether the proposed merger will be completed.

The proposed Essential merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.

The proposed Essential merger will be completed only if stated conditions are satisfied, including the receipt of the requisite regulatory and other approvals, among other conditions. Many of the conditions are outside the parties' control, and both parties also have certain rights to terminate the Essential Merger Agreement. Accordingly, there may be uncertainty regarding the completion of the proposed merger. This uncertainty, or any disagreement with the decision to enter into the Essential Merger Agreement, may cause our suppliers, vendors, strategic partners, certain customers or others that deal with us to delay or defer entering into contracts or make other decisions concerning us, or to seek to change or cancel existing business relationships. Any delay or deferral of those decisions or changes in existing agreements or relationships could have a material adverse effect on us and our financial condition and results of operations.

The Essential Merger Agreement contains provisions that limit our ability to pursue certain alternatives to the proposed Essential merger, which could discourage a potential acquirer from making an alternative transaction proposal and, in certain circumstances, could require us to pay to the other party a significant termination fee.

Under the Essential Merger Agreement, we and Essential are each restricted, subject to limited exceptions, from entering into certain alternative transactions in lieu of the proposed Essential merger, including, among other things, soliciting, initiating, knowingly encouraging or knowingly facilitating the making of a proposal that is or would reasonably be expected to lead to a competing acquisition proposal from any person. Each of our Board of Directors and Essential's board of directors is limited in its ability to change its recommendation with respect to the proposed merger and related proposals. We and/or Essential may terminate the Essential Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the Essential Merger Agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us or Essential from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the proposed merger, or the competing transaction might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the Essential Merger Agreement, in the event the Essential Merger Agreement is terminated to accept a superior proposal, or under certain other circumstances, we would be required to pay a termination fee of $835 million to Essential in the case of a termination of the Essential Merger Agreement by us, and Essential would be required to pay a termination fee of $370 million to us in the case of a termination of the Essential Merger Agreement by Essential.

We may be the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the proposed Essential merger from being completed.

Securities class action lawsuits, derivative lawsuits, and lawsuits seeking to enjoin the proposed Essential merger are often brought against companies that have entered into a merger agreement. Even if these lawsuits are without merit, defending against these claims can result in substantial costs to the parties to the Essential Merger Agreement and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed.

If completed, the proposed Essential merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.

We entered into the Essential Merger Agreement with the expectation that the proposed Essential merger will result in various benefits, including, among other things, increased efficiencies of scale and size, increased geographic diversity, greater long-term growth opportunities for employees of the combined company, and other operating efficiencies. Achieving the anticipated benefits of the proposed merger is subject to a number of uncertainties, including whether our and Essential's businesses can be integrated in an efficient, effective and timely manner.

We could have difficulty integrating the acquired assets, personnel and operations with our own. We anticipate that the integration of the two companies may ultimately be complex, and we expect to devote significant time and resources to this integration process. Risks and uncertainties that could impact us negatively include:

- unforeseen or significant difficulties in integrating the two companies and their assets, operations, cultures and employees;
- the potential disruption of the ongoing businesses and distraction of our and Essential's management;
- changes in our business focus and/or management;
- risks related to owning, operating, maintaining and successfully managing Essential's natural gas distribution business, including any increased risks and liabilities associated with the operation of that business;
- difficulties in establishing and/or maintaining uniform standards, systems, controls, procedures and policies, including accounting and financial reporting, across both of the integrated companies, or merging or linking disparate ones;
- the potential impairment of relationships with employees and partners as a result of any integration of new management personnel;
- the potential inability to manage an increased number of locations and employees; and
- the effect of any government regulations which relate to Essential's business, including with respect to jurisdictions in which our Regulated Businesses currently do not operate.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the proposed Essential merger as and when expected. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies, and the various management and corporate governance constructs provided for in the Essential Merger Agreement to govern the combined company, including with respect to the board of directors of the combined company, may not operate successfully as intended or desired. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and otherwise adversely affect the combined company's future business, financial condition, operating results and prospects.

The proposed Essential merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.

We currently anticipate that the proposed Essential merger will be accretive to our earnings per share in 2028, the first full year following the completion of the proposed merger. This expectation is based on preliminary estimates that are subject to change. We also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the proposed merger or be subject to other factors that affect our preliminary estimates. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the proposed merger and contribute to a decrease in the market price of our common stock.

The combined company's financial condition, results of operations and cash flows could be adversely affected by unknown or unexpected events, conditions or actions that occur prior to the closing of the proposed Essential merger.

The combined company's assets, liabilities, business, financial condition, cash flows, and operating results, as well as its business strategies and prospects, could be adversely affected before or after the closing of the proposed Essential merger as a result of previously unknown events or conditions occurring or existing before closing. Adverse changes in our or Essential's business or operations could occur or arise as a result of actions by us or Essential, or as a result of legal or regulatory developments (including, without limitation, the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions), and other factors both within and beyond the control of us or Essential. A significant decline in the value of Essential's assets that we would acquire in the proposed merger or a significant increase in Essential's liabilities to be assumed could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

If the proposed Essential merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

In accordance with applicable accounting standards in the United States related to business combinations, we believe that the proposed Essential merger will be accounted for as an acquisition of Essential's common stock by parent company and will follow the acquisition method of accounting for business combinations, including with respect to goodwill. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to, for example, market conditions, other factors related to our performance or the performance of Essential's business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information, in the Notes to the Consolidated Financial Statements for information on the fair value of financial and other assets. Market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water and wastewater utilities, market price performance of our common stock that compares unfavorably to our peer companies, or other circumstances. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to our income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

We cannot assure that we will be able to continue paying quarterly dividends at the current rate, or to propose and/or maintain future quarterly dividend increases as planned.

Our shareholders have no contractual or other legal right to dividends that have not been declared. We currently expect that we will continue to pay dividends in an amount consistent with our dividend strategy and policy in effect prior to the announcement of the proposed merger, and that we will continue to propose future increases in our quarterly dividend rate consistent with our announced dividend growth strategy. However, there is no assurance that our shareholders will continue to receive payments of such dividends while the proposed Essential merger is pending or the combined company will pay such dividends following completion of the proposed merger, for a number of reasons that include, for example:

- a lack of cash to pay such dividends, due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- our Board of Directors may decide not to declare and pay quarterly dividends in accordance with historical practice or our stated dividend strategy, or at all;
- the amount of quarterly dividends that we may pay to shareholders is subject to restriction under Delaware law and compliance with our stated dividend payment policy and strategy; and
- we may fail to receive upstream dividend payments from our subsidiaries in the same amount that we have historically, and the ability of our subsidiaries to do so is subject to various risks and uncertainties described herein and in Note 9—Shareholders' Equity—Dividends and Distributions in the Notes to Consolidated Financial Statements.

We may incur substantial and/or unexpected transaction fees and merger-related costs in connection with the proposed Essential merger.

We expect to incur substantial non-recurring expenses associated with completing the proposed Essential merger, as well as expenses related to combining the operations of the two companies. For the year ended December 31, 2025, we incurred $13 million of merger-related costs. We estimate $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger. The combined company may also incur additional unanticipated costs in or associated with the integration of the companies' businesses. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset some or all of the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Current shareholders will have reduced ownership and voting interests after the proposed Essential merger.

Parent company has reserved for issuance shares of its common stock to be issued in the proposed Essential merger (including shares of parent company common stock issuable pursuant to the proposed treatment of Essential stock options and other equity-based awards in the proposed merger). As of December 31, 2025, parent company shareholders and Essential's shareholders would own an estimated 69% and 31% of the outstanding shares of parent company common stock, respectively, on a fully diluted basis immediately following the consummation of the proposed merger. If the proposed merger occurs, each holder of parent company common stock will remain a shareholder of parent company but with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of ownership immediately prior to the proposed merger. As a result of this reduced ownership percentage, parent company shareholders will have less voting power in the combined company than they now have with respect to parent company.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, those of other shareholders.

Members of our management and our Board of Directors have interests in the proposed Essential merger that may be different from, or in addition to, their interests as our shareholders. These interests include that the 10 members of our Board of Directors as of immediately prior to the effective time will remain on our Board of Directors immediately following the completion of the merger, Karl F. Kurz, the Board Chair with respect to our Board of Directors (or the individual serving in such position immediately prior to the effective time) will continue to serve in such position, Mr. Griffith, as President and Chief Executive Officer of American Water (or the individual serving in such position immediately prior to the effective time), will continue to serve in such position, and the individuals serving in executive vice president and senior executive positions of parent company who report to the President and Chief Executive Officer of parent company immediately prior to the effective time, will continue in such positions until the earlier of such individual's resignation or removal.

Completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party, which may have an adverse impact on the combined company's business and results of operations.

The completion of the Essential merger may trigger change in control or other provisions in certain agreements to which we or Essential or their respective subsidiaries are a party. If we and Essential are unable to negotiate waivers of those provisions or otherwise amend the terms of such agreements, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if we and Essential are able to negotiate waivers or amend the terms of such agreements, the counterparties may require a fee for such waivers or amendments or renegotiate the agreements on terms less favorable to us, Essential, or the combined company. Any of the foregoing or similar developments may have an adverse impact on the combined company's business, results of operations, financial condition, and cash flows.

The future results and market value of the combined company may be adversely impacted if the combined company does not effectively manage its expanded operations following the completion of the merger or the combined company fails to successfully execute its business strategy and objectives.

Following the completion of the Essential merger, the size of the combined company's business will be significantly larger than the current size of either our or Essential's respective businesses. The combined company's ability to successfully manage this expanded business will depend, in part, upon management's ability to design and implement operational, managerial, financial and strategic initiatives that address not only the integration of two independent standalone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity.

In addition, the success of the Essential merger will depend, in part, on the ability of the combined company to successfully execute its business strategy. If the combined company is not able to achieve its business strategy on a timely basis, or otherwise fails to perform in accordance with the expectations of the parties, the anticipated benefits of the merger may not be realized fully or at all, and the merger may materially adversely affect the results of operations, financial condition and prospects of the combined company, and, consequently, the market value of the combined company's common stock.

The proposed Essential merger will combine companies that are affected by developments in the water and wastewater utility industries and, additionally, with respect to Essential, the natural gas industry, including changes in regulation. Any failure to adapt to changing regulatory environments after the completion of the merger could adversely affect the stability of the combined company's earnings.

Because we and Essential, and each of their respective subsidiaries, are significantly regulated in the United States, the two companies have been and will continue to be affected by U.S. federal, state and local legislative, political and regulatory developments. After the merger is completed, the combined company and/or its subsidiaries will be subject to extensive regulation in the states in which the combined company will operate. The costs and burdens associated with complying with these regulations may have an adverse effect on the combined company. Moreover, potential legislative, political or regulatory changes, or other similar changes, may create greater risks to the stability of the combined company's revenue, income and earnings generally.

Additional Risks Related to Other Businesses

Parent company provides performance guarantees with respect to certain of the obligations of our Other businesses (primarily MSG), including financial guarantees or deposits, which may adversely affect parent company if the guarantees are successfully enforced.

Under the terms of certain agreements under which our Other businesses, primarily MSG, provide water and wastewater services to municipalities and federal governmental entities, parent company provides guarantees of specified performance obligations, including financial guarantees or deposits. In the event these obligations are not performed, the entity holding the guarantees may seek to enforce the performance commitments against parent company or proceed against the deposit. In that event, our financial condition, results of operations, cash flows and liquidity could be adversely affected. At December 31, 2025, we had remaining performance commitments, as measured by remaining contract revenue, and primarily related to MSG's contracts, totaling approximately $7.9 billion, of which $1.1 billion are guaranteed by parent company and the remainder is guaranteed by certain wholly owned subsidiaries of parent company. The aggregate amount of remaining performance commitments is likely to increase as the number of military installations served by MSG increases. The presence of these commitments may adversely affect our financial condition and make it more difficult for us to secure financing on attractive terms.

MSG's operations are subject to various risks associated with doing business with the U.S. government.

MSG enters into contracts with the U.S. government for the operation and maintenance of water and wastewater systems, which contracts may be terminated, in whole or in part, prior to the end of the 50-year term for convenience of the U.S. government or as a result of default or non-performance by the subsidiary performing the contract. In addition, the contract price for each of these military contracts is typically subject to either an annual economic price adjustment, or a price redetermination two years after commencement of operations and every three years thereafter. Any early contract termination or unfavorable annual economic price adjustment or price redetermination could adversely affect our financial condition, results of operations and cash flows. Moreover, entering into contracts with the U.S. government subjects us to a number of operational and compliance risks, including dependence on the level of government spending and compliance with and changes in governmental procurement and security (including cybersecurity) regulations. We are subject to potential government investigations of our business practices and compliance with government procurement, security and cybersecurity regulations, which are complex, and compliance with these regulations can be expensive and burdensome. If we were charged with wrongdoing as a result of an investigation, we could be suspended or debarred from bidding on or receiving awards of new contracts with the U.S. government or our existing contracts could be terminated, which could have a material adverse effect on our results of operations and cash flows.

General Risk Factors

New accounting standards or changes to existing accounting standards could materially impact how we report our results of operations, cash flows and financial condition.

Our consolidated financial statements are prepared in accordance with GAAP. The SEC, the Financial Accounting Standards Board and other authoritative bodies or governmental entities may issue new pronouncements or new interpretations of existing accounting standards that may require us to change our accounting policies or critical accounting estimates. These changes are beyond our control, can be difficult to predict and could materially impact how we report our results of operations, cash flows and financial condition. We could be required to apply a new or revised standard retroactively, which could also adversely affect our previously reported results of operations, cash flows and financial condition.

Undetected errors in internal controls and information reporting could result in the disallowance of cost recovery and noncompliant disclosure.

Our internal controls, accounting policies and practices and internal information systems are designed to enable us to capture and process transactions and information in a timely and accurate manner in compliance with GAAP, requirements of applicable tax laws and regulations, federal securities laws and regulations and other laws and regulations applicable to us. We have also implemented corporate governance, internal control and accounting policies and procedures designed to comply with the requirements of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and relevant SEC rules, as well as other applicable regulations. Management is also responsible for establishing and maintaining internal control over financial reporting and disclosure controls and procedures and is required to assess annually the effectiveness of these controls. While we believe these controls, policies, practices and systems are adequate to verify data integrity, unanticipated or unauthorized actions of employees or temporary lapses in internal controls due to shortfalls in oversight or resource constraints could lead to undetected errors that could result in the disallowance of cost recovery and non-compliant disclosure and reporting. The consequences of these events could have a negative impact on our results of operations, cash flows and financial condition and could also harm our reputation, increase financing costs or adversely affect our ability to access the capital markets.

Our continued success is dependent upon our ability to attract, hire and retain highly qualified and skilled employees.

The success of our business is dependent upon our ability to attract, hire and retain highly qualified and skilled employees understanding the needs of the communities in which we serve, including engineers and licensed operators, and water quality, regulatory and management professionals, with desired knowledge, experience and expertise. We may face challenges implementing our human capital management, recruitment and employee succession plans to attract and retain employees based on a number of factors, including, among others, market conditions, retirements, geography, and the proposed business combination with Essential. If we are unable to meet these human capital resource challenges, our business, financial condition, results of operations and cash flows may be materially and adversely impacted.

Our business may be adversely affected by the intentional or other misconduct of our employees and contractors.

Our Code of Ethics requires employees, members of our Board of Directors and contractors to make decisions ethically and in compliance with applicable law and regulatory requirements, and our Code of Ethics and its underlying policies, practices and procedures. Our Insider Trading and Prohibited Transactions Policy also requires employees, members of our Board of Directors and contractors to comply with applicable insider trading requirements and to not engage in specified types of financial transactions (such as hedging, pledging, margin and "short sale" transactions) with respect to our common stock. All employees are required to complete training on and review the Code of Ethics and the Insider Trading Policy on an annual basis, and violations of the Code of Ethics and the Insider Trading Policy could result in disciplinary actions up to, and including, termination. Despite these efforts to prevent misconduct, it is possible for employees or contractors to engage in intentional or other misconduct and violate laws and regulations through, among other things, theft, fraud, misappropriation, bribery, corruption and engaging in unlawful insider trading, conflicts of interest or related person transactions, or otherwise committing serious breaches of our Code of Ethics, our Insider Trading Policy, and our other policies, practices and procedures. Intentional or other misconduct by employees or contractors could result in substantial liability, higher costs, increased regulatory scrutiny and significant reputational harm, any of which could have a material adverse effect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Cybersecurity Program

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "Zero Trust" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Third-Party Relationships

The Company utilizes partners and third-party service providers to help deliver safe and reliable water and wastewater services across its regulated operations and has implemented a third-party risk management program to understand the cybersecurity risks to the Company that may arise out of these third-party relationships. The Company categorizes third-party relationships by risk level, which is determined primarily by the service provided by the third-party and its level of access to the Company's data. Each category has specific cybersecurity controls, data privacy and documentation requirements, which are outlined in the agreement between the Company and the third-party service provider. In addition, the Company evaluates the online security footprint for its service providers at the time of agreement, and on a regular basis, thereafter, depending on the provider's risk level. The Company reviews its agreements with third-party service providers periodically related to terms and conditions governing cybersecurity controls and data privacy. The Company also monitors, as appropriate, risks relating to potential compromises of sensitive Company information through third parties and reevaluates these risks periodically. In addition, the Company obtains annual attestation reports related to data security and privacy from certain third-party providers to further support compliance with industry-standard cybersecurity protocols.

Cybersecurity Risks

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. To date, the Company has determined that it has not experienced a cybersecurity incident that has resulted in a material impact to the Company's financial condition, results of operations, cash flows, or business strategy. For additional information concerning cybersecurity-related risks, see Item 1A—Risk Factors—Risks Related to Our Industry and Business Operations—We have been, and may in the future be, subject to physical and cyber attacks, *and* —We may sustain losses that exceed or are excluded from our insurance coverage or for which we are self-insured.

Cybersecurity Risk Management and Strategy

The Company has established an enterprise-wide cybersecurity program designed to prevent disruption to critical information systems, minimize the loss or manipulation of sensitive information, and to timely identify, escalate and promptly remediate and recover from cybersecurity incidents and facilitate compliance with regulatory and disclosure requirements. To oversee cybersecurity risk management, the Company employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks. The CISO has over 25 years of work experience in the information technology, physical security and cybersecurity fields, including previously serving as the Company's Chief Security Officer, and holds the Certified Information Systems Security Professionals from the International Information Systems Security Certification Consortium. The CISO serves on several working groups within the Water Information Sharing & Analysis Center and across the water industry. The CISO reports directly to the Company's Chief Technology and Information Officer, who is responsible for the Company's information technology program.

The Company's cybersecurity unit conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2025, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

The Company's cybersecurity risk assessment process involves considering risks associated with the nature of its business, receiving and processing inputs from internal and external stakeholders, monitoring industry trends and risks and engaging external advisors, to assist in aligning the Company's cybersecurity processes with industry best practices. Risk assessments are conducted quarterly and annually to evaluate the effectiveness of the Company's existing security controls and serve as the basis for additional safeguards, security controls and measures. Operational and technical security controls are deployed and integrated as safeguards against unauthorized access to the Company's information systems. These controls are aimed at (i) assuring the continuity of business processes that are dependent upon automation, (ii) maintaining the integrity of the Company's data, (iii) supporting regulatory and legislative compliance requirements, and (iv) maintaining safe and reliable service to the Company's customers.

The Company has also implemented a vulnerability assessment program that is reviewed at least annually and more frequently, depending on changes to the risk environment. This process serves as a guiding enterprise-wide framework to outline the scope and procedures of the Company's cybersecurity risk management processes. By prioritizing vulnerability management and continuously evaluating the Company's internal and external environments for vulnerabilities, the Company aims to implement preventative measures to protect its information assets and technology-based infrastructure from cybersecurity threats. This approach helps to reduce the Company's exposure to material cybersecurity threat risks.

Incident Response

The Company utilizes an established internal framework based on industry standards and designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. This collaborative approach is intended to enable the Company to leverage expertise throughout the business to address cybersecurity events and to evaluate the potential financial, legal, operational and reputational implications of an incident, or series of related incidents. In considering the materiality of an event, related attacks, whether in terms of quantity or impact, are reviewed individually and in the aggregate to determine whether they may have a significant impact on the Company's financial condition, results of operations or business strategy, either quantitatively or qualitatively.

Cybersecurity Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program. The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

ITEM 2. PROPERTIES

The Company's properties consist primarily of (i) water and wastewater treatment plants, (ii) mains and pipes used for transmission, distribution and collection of water and wastewater, (iii) wells and other sources of water supply, such as reservoirs, (iv) water and wastewater pumping stations, (v) meters and fire hydrants, (vi) general structures, including buildings, dams and treated water storage facilities, (vii) land and easements, (viii) vehicles, (ix) software rights, and (x) other equipment and facilities, the majority of which are used directly in the operation of its systems. Substantially all of the Company's properties are owned by its subsidiaries, with a large percentage subject to liens of its mortgage bonds. A wholly owned subsidiary of parent company owns the Company's corporate headquarters, located in Camden, New Jersey, and the Company and its operating subsidiaries lease office space from certain of the Company's wholly owned subsidiaries. These properties are utilized by the Company's directors, officers and staff in the conduct of the business.

The properties of the Company's Regulated Businesses consist mainly of approximately:

- 80 surface water treatment plants;
- 520 groundwater treatment plants;
- 170 wastewater treatment plants;
- 55,000 miles of transmission, distribution and collection mains and pipes;
- 1,200 groundwater wells;
- 1,800 water and wastewater pumping stations;
- 1,100 treated water storage facilities; and
- 75 dams.

The Company has ongoing infrastructure renewal programs in all states in which its Regulated Businesses operate. These programs consist of both the rehabilitation of existing mains and equipment, and the replacement of mains and equipment that have been damaged or have reached, or are near, the end of their useful service lives. The properties within Other consist mainly of office furniture and IT equipment. Approximately 49% of all properties that the Company owns are located in New Jersey and Pennsylvania.

The Company maintains property insurance against loss or damage to its properties by fire or other perils, subject to certain exceptions. For insured losses, the Company is self-insured to the extent that any losses are within the policy deductible or exceed the amount of insurance maintained.

The Company believes that its properties are generally maintained in good operating condition and in accordance with current standards of good water and wastewater industry practice.

ITEM 3. LEGAL PROCEEDINGS

Set forth below is information related to the Company's material pending legal proceedings as of February 18, 2026, other than ordinary routine litigation incidental to the business, required to be disclosed in this Annual Report on Form 10-K. The information below should be read together with Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more**.**

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with SWRCB Orders to Reduce Carmel River Diversions

Under the 2009 Order, Cal Am is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. See Item 1—Business—Regulated Businesses—Water Supply and Wastewater Services and Item 1A—Risk Factors. The 2009 Order responded to claims that Cal Am had not sufficiently implemented actions to terminate its unpermitted diversions of water from the Carmel River as required by the 1995 Order issued by the SWRCB. In July 2016, at the request of Cal Am and several Monterey County government agencies, the SWRCB issued the 2016 Order approving a deadline of December 31, 2021, for Cal Am's compliance with the 2009 Order.

The 2009 Order includes a condition prohibiting Cal Am from diverting water from the Carmel River for new service connections or for any increased use of water at existing service addresses resulting from a change in zoning or use. In 2011, the California Public Utilities Commission (the "CPUC") issued a decision directing modifications in Cal Am's utility tariffs to recognize the moratorium mandated by the 2009 Order, and directing Cal Am to seek written guidance from the SWRCB with respect to any unresolved issues of interpretation or implementation of this condition. In 2012, the Deputy Director of the SWRCB sent a letter to Cal Am providing an interpretation as to the calculation of a baseline to determine increases in use of water at existing service addresses. In March 2018, the MPWMD adopted a resolution directing Cal Am to interpret the baseline in a manner that conflicts with the SWRCB's written interpretation. In May 2018, Cal Am notified the MPWMD and the SWRCB that it intends to seek declaratory relief concerning the conflicting regulatory interpretations under the 2009 Order. In an attempt to resolve these conflicting interpretations prior to seeking judicial intervention, Cal Am has met with the MPWMD and the SWRCB several times. The SWRCB agreed to circulate revisions to its 2012 interpretive letter, which would be subject to a public comment period. Any failure to follow the MPWMD's resolution or the SWRCB's written interpretation, despite these conflicting interpretations, could potentially result in fines, penalties and other actions against Cal Am.

During the fourth quarter of 2025, the MPWMD filed an application with the SWRCB seeking to modify the 2009 Order and the 2016 Order to rescind a condition included therein that prohibits (i) new service connections and (ii) increased water use at existing service connections resulting from a change in zoning or use, throughout Cal Am's Monterey service territory. The MPWMD's stated rationale for seeking to rescind this condition is a lack of threatened violation for the foreseeable future given a sufficient water supply to serve demand, and the current prohibitions restrict local housing construction needed to meet state affordable housing mandates. On December 19, 2025, Cal Am filed a response, requesting that the SWRCB deny the application or hold it in abeyance to permit Cal Am to meet with appropriate stakeholders and to develop a proposal for relief from the prohibitions.

Following issuance by the California Coastal Commission (the "Coastal Commission") in November 2022, of a coastal development permit, as described below, Cal Am continues to work constructively with all appropriate agencies to obtain the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the reduction or exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The 2009 Order and the 2016 Order remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the 2009 Order and the 2016 Order in the future may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the 2009 Order and the 2016 Order.

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

Cal Am's ability to move forward on the Water Supply Project is and has been subject to extensive administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a CPCN and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, O&M costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities.

On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022 final decision, and in March 2023, the CPUC issued a decision denying Cal Am's application for rehearing but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project. On August 14, 2025, the CPUC approved a final decision, which was updated on October 9, 2025, finding that, as to the supply and demand estimates for the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year as of 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. The CPUC has not yet ruled on these motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the 2009 Order and the 2016 Order, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in accordance with the CPUC's prior decisions. See Note 16—Commitments and Contingencies in the Notes to the Consolidated Financial Statements for further discussion. Subject to the impacts, outcomes or resolution of applicable litigation and other proceedings, construction of the desalination plant for the Water Supply Project is expected to begin in 2026, and the desalination plant is currently anticipated to be in service by the end of 2029.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, have publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. Cal Am continues to seek the remaining permits necessary to construct the Water Supply Project.

In December 2022, the City, MCWD, MCWD's groundwater sustainability agency ("GSA"), and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. In April 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in its petition. After trial and subsequent proceedings ending in the first quarter of 2025, on May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed. This matter remains pending.

Proposed Zoning Changes at CEMEX, Inc. Site for Slant Wells

In August 2018, the City circulated a public review draft of proposed amendments to its local coastal program and zoning ordinance, and placed the matter for consideration on the Planning Commission's agenda for its September 2018 meeting. The proposed amendments would change zoning at a site owned by CEMEX, Inc. ("CEMEX") to open space and restrict future uses, including with respect to Cal Am's planned use of the site for the slant wells for the Water Supply Project. Any change to the City's local coastal program must ultimately be approved by the Coastal Commission. Cal Am, CEMEX and the Coastal Commission each submitted letters opposing the proposed amendments. At its November 2018 meeting, the Planning Commission adopted a resolution recommending that the Marina City Council consider approving the amendments.

In December 2018, the Marina City Council considered the proposed amendments. Cal Am, CEMEX and the Coastal Commission again submitted letters opposing the proposed changes, but the City Council unanimously adopted a resolution amending its local coastal plan and a draft amendment to its zoning ordinance. Changes to the ordinance require a second reading before becoming final, which occurred at the City's December 2018 meeting. The changes to the local coastal plan would need to be submitted to the Coastal Commission for approval; however, the Coastal Commission's November 2022 approval of Cal Am's coastal development permit application has rendered moot the impact of these proposed local coastal program and zoning changes on the issuance of the coastal development permit.

Test Slant Well Permitting

A preliminary step to building the Water Supply Project desalination plant is the construction and operation of a test slant well to confirm the suitability of the property on which intake wells will be located to draw water from under Monterey Bay. In November 2014, the Coastal Commission approved coastal development permits for the test slant well, enabling Cal Am to construct and operate the test slant well. Effective February 28, 2018, test slant well pumping ceased, except for minimal maintenance pumping activities, in accordance with Cal Am's coastal development permits. Because Cal Am may use the test slant well as one of the slant wells for the Water Supply Project, Cal Am sought and obtained from the Coastal Commission permit amendments to allow the test slant well to remain in place and be maintained until February 28, 2027. A required lease obtained from the California State Lands Commission, as amended, expires on December 16, 2027.

Water Supply Project Land Acquisition and Slant Well Site Use

In July 2017, the Coastal Commission adopted a consent agreement and cease and desist order requiring sand mining operations on the property owned by CEMEX on which intake wells for the Water Supply Project will be located, to cease by the end of 2020 and the property to be sold to either a non-profit or governmental entity. The consent agreement strictly limits future use of the property but preserves Cal Am's existing property rights and allows uses consistent with existing easements and other rights of record. A permanent easement granted by CEMEX to Cal Am was recorded in June 2018 to allow Cal Am access to the property and to construct, operate and maintain the Water Supply Project intake wells. In November 2019, the City notified CEMEX that, based on this permanent easement and Cal Am's proposed use of the site for the intake wells, CEMEX has breached or will soon breach a prior 1996 annexation agreement (to which Cal Am was not a party). The City states that it intends to seek declaratory relief from CEMEX and Cal Am ordering that Cal Am's extraction is limited to 500 acre-feet per year of groundwater, that Cal Am cannot export extracted water out of the basin, and that the permanent easement granted by CEMEX to Cal Am is void. CEMEX has denied the City's claims and requested indemnification from Cal Am under the terms of the permanent easement. Cal Am and CEMEX believe that there is no valid limitation under the annexation agreement on Cal Am's right to pump brackish groundwater and seawater at the site for desalination and use by Cal Am's customers.

In May 2020, the City filed a lawsuit in Monterey County Superior Court, naming Cal Am and CEMEX as defendants, and Monterey County Water Resources Agency ("MCWRA") and MCWD as real parties in interest. The lawsuit, as amended, alleges a claim for breach of contract against CEMEX and seeks declaratory relief to void the permanent easement and prohibiting extraction of water by Cal Am's slant wells at the CEMEX site in excess of 500 acre-feet per year and the export of such water outside the groundwater basin. In November 2020, Cal Am, CEMEX and MCWRA filed demurrers, which were overruled by the court at a hearing held in February 2021.

In August 2020, MCWD filed a cross-complaint in the May 2020 lawsuit against Cal Am, CEMEX and MCWRA, alleging claims for specific performance of certain provisions of the 1996 annexation agreement related to the property owned by CEMEX on which intake wells for the Water Supply Project will be located, as well as claims of water rights, nuisance and unreasonable water use, and seeking additional declaratory relief. Following various rulings on demurrers filed by Cal Am, CEMEX and MCWRA, in February 2021, the court sustained, without leave to amend, the demurrer to MCWD's nuisance claim and overruled the remainder of the demurrers. In October 2021, the court granted a motion filed by Cal Am related to MCWD's cross-complaint, which motion requested a referral of certain issues related to MCWD's water rights and unreasonable use claims to the SWRCB for its expert advisory opinion. The SWRCB held hearings in 2022 and 2023, on the referred issues before its administrative hearing officer. On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. Trial commenced on November 12, 2025, and is expected to continue into the first quarter of 2026.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

A requirement of the desalination plant that is a key component of the Water Supply Project is the discharge of brine through Monterey One Water's outfall. As a condition to Cal Am's coastal development permit, an amendment of a NPDES permit must be obtained by Monterey One Water as the outfall owner from the Regional Water Quality Control Board (the "RWQCB"). The RWQCB must also determine that the proposed brine discharge complies with the desalination facility requirements under the California Ocean Plan. Working in cooperation with Monterey One Water staff and consultants, Cal Am prepared an application for submission to the RWQCB, which application and submission were approved by Monterey One Water's board in September 2024. Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and MCWRA. In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020, in which MCWD and RMC paid Cal Am an aggregate of $5.2 million to resolve Cal Am's contract claims against MCWD and all claims against RMC relating to the RDP. Under this agreement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved.

In July 2020, Cal Am appealed the grant of summary judgment on MCWD's tort claims, and in December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. In June 2024, MCWD filed a motion for judgment on the pleadings. In December 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

In November 2018, voters in Monterey, California passed "Measure J," which decided that the MPWMD should conduct a feasibility study concerning the potential purchase of Cal Am's Monterey system assets, and, if feasible, to proceed with a purchase of those assets without an additional public vote. This service territory represents approximately 40,000 customers. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application. In February 2024, each of Cal Am and LAFCO filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate, and the MPDMD filed a notice of cross-appeal. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, the MPWMD notified Cal Am in October 2022 of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded shortly thereafter, denying the request for access, and stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. In February 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's eminent domain lawsuit seeking to condemn Cal Am's Monterey system assets. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. In November 2024, the court issued a ruling denying Cal Am's motion to dismiss, and Cal Am filed its answer to the complaint in December 2024. On August 20, 2025, Cal Am filed a motion for summary judgment as to the MPWMD's condemnation action, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with its condemnation action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of this lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against the MPWMD's eminent domain lawsuit.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by West Virginia-American Water Company, the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability for the settlement will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, Tennessee-American Water Company, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and Service Company (collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint, and TAWC will continue to vigorously defend itself against these allegations.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026 for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On November 14, 2025, the Plaintiffs in the *Ruffin* and *Toliver* lawsuits jointly filed a motion for class certification. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

During 2025, the Company was made aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims that had been asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

General

Periodically, the Company is involved in other proceedings or litigation arising in the ordinary course of business. Other than those proceedings described in this Item 3—Legal Proceedings, the Company does not believe that the ultimate resolution of these matters will materially affect its financial position or results of operations. However, litigation and other proceedings are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is possible that some litigation and other proceedings could be decided unfavorably to the Company, and that any such unfavorable decisions could have a material adverse effect on its business, financial condition, results of operations and cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Since April 23, 2008, the Company's common stock has traded on the New York Stock Exchange ("NYSE") under the symbol "AWK." As of February 9, 2026, there were 195,208,666 shares of common stock outstanding held by approximately 1,773 record holders. Holders of the Company's common stock are entitled to receive dividends when they are declared by its Board of Directors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information regarding the Company's dividends.

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment, employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through December 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of its common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program. There were no repurchases of common stock in 2025.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Annual Report on Form 10-K should be read as applying to all related forward-looking statements whenever they appear in this Annual Report on Form 10-K. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements," Item 1A—Risk Factors and elsewhere in this Annual Report on Form 10-K. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Overview

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company employs approximately 7,000 professionals who provide drinking water, wastewater and other related services to approximately 14 million people in 24 states. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company's utilities operate in 14 states in the United States, with 3.6 million active customers with services provided by its water and wastewater networks. Services provided by the Company's utilities are subject to regulation by PUCs. The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Annual Report on Form 10-K within "Other." See Item 1—Business for additional information.

Financial Results

The following table provides the Company's diluted earnings per share (GAAP) and adjusted diluted earnings per share (a non-GAAP measure):

	For the Years Ended December 31,		
	2025	2024	2023
Diluted earnings per share (GAAP):			
Net income attributable to shareholders	$ 5.69	$ 5.39	$ 4.90
Non-GAAP adjustments:			
Estimated impact of favorable weather	—	(0.16)	(0.17)
Income tax impact	—	0.04	0.04
Net non-GAAP adjustment	—	(0.12)	(0.13)
Incremental interest income from amended HOS seller note	(0.13)	(0.12)	—
Income tax impact	0.03	0.03	—
Net non-GAAP adjustment	(0.10)	(0.09)	—
Transaction costs associated with the pending merger with Essential	0.07	—	—
Income tax impact	(0.02)	—	—
Net non-GAAP adjustment	0.05	—	—
Total net adjustments	(0.05)	(0.21)	(0.13)
Adjusted diluted earnings per share (non-GAAP)	$ 5.64	$ 5.18	$ 4.77

For the year ended December 31, 2025, diluted earnings per share (GAAP) was $5.69, an increase of $0.30 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.64 for the year ended December 31, 2025, an increase of $0.46 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

For the year ended December 31, 2024, diluted earnings per share (GAAP) was $5.39, an increase of $0.49 per diluted share compared to the prior year, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $5.18 for the year ended December 31, 2024, an increase of $0.41 per diluted share compared to the prior year. These results were driven primarily by the implementation of new rates in the Regulated Businesses from capital and acquisition investments. Results also reflect increased production and employee-related costs, increased depreciation and higher financing costs used to fund the current capital investment plan.

Adjustments to GAAP

Adjusted diluted earnings per share represents a non-GAAP financial measure and, as shown in the table above, is calculated as GAAP diluted earnings per share, excluding the impact of one or more of the following events: (i) estimated impact of weather; (ii) incremental interest income from the February 2, 2024 amendment to the HOS secured seller promissory note, which increased the aggregate principal amount from $720 million to $795 million and increased the interest rate from 7.00% per year to 10.00% per year; and (iii) transaction costs incurred during 2025 associated with the proposed merger with Essential. The most directly comparable GAAP measure for adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in the table above.

The Company believes that this non-GAAP measure provides investors with useful information by excluding certain matters that may not be indicative of its ongoing operating results (or, in the case of weather, that is outside the Company's operational control and is subject to significant period-to-period variability), and that providing this non-GAAP measure will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the Company's results of operations and without the estimated impact of weather. Although management uses this non-GAAP financial measure internally to evaluate its results of operations, the Company does not intend results reflected by this non-GAAP measure to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. This non-GAAP financial measure is derived from the Company's consolidated financial information but is not presented in the financial statements prepared in accordance with GAAP. This measure should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. In addition, this non-GAAP financial measure as defined and used above, may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, may have significant limitations on its use.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. In 2025, the Company invested $3.2 billion, in the Regulated Businesses, as discussed below:

- $3.2 billion capital investment in the Regulated Businesses, for infrastructure improvements and replacements; and
- $83 million to fund acquisitions in the Regulated Businesses, which added approximately 20,900 customers during 2025. This includes the Company's acquisitions effective May 28, 2025, and October 27, 2025, of all the outstanding capital stock of Audubon Water Company and Appalachian Utilities Inc., respectively, for aggregate consideration of $11 million, in the form of shares of parent company common stock.
- Approximately 18,900 new customers were added through organic growth in existing systems.

The Company expects to invest between $19 billion to $20 billion over the next five years, and between $46 billion to $48 billion over the next 10 years, including $3.7 billion in 2026. The Company's expected future investments include:

- capital investment for infrastructure improvements and replacements in the Regulated Businesses of between $17 billion to $17.5 billion over the next five years, and between $42 billion to $43 billion over the next 10 years; and
- growth from acquisitions in the Regulated Businesses to expand the Company's water and wastewater customer base of between $2 billion to $2.5 billion over the next five years, and between $4 billion to $5 billion over the next 10 years.

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 70%; resiliency 10%; water quality, including capital expenditures related to PFAS 8%; operational efficiency, technology and innovation 5%; system expansion 4%; other 3%.

Excluding the Essential Merger Agreement, as of December 31, 2025, the Company had entered into 20 agreements with a total aggregate purchase price of $582 million for pending acquisitions in the Regulated Businesses to add approximately 104,300 additional customers.

Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into the Essential Merger Agreement to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable PUCs on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger-related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations. Including the costs incurred for the year ended December 31, 2025, the Company estimates a total of $150 million of merger-related costs will be incurred by the Company and by Essential prior to the closing of the proposed merger.

Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before August 2026.

Other Matters

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to an MDL lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the EPA announced a final NPDWR for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes MCLs, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated their intent to extend the compliance deadline to 2031, under the current rule, utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR for PFAS as proposed. Additionally, the Company estimates that it will incur annual operating expenses of up to approximately $50 million related to testing and treatment, with the majority of the operating expenses beginning near the April 2029 compliance deadline. The actual level of capital investment and expenses may differ from these estimates and will be dependent upon market dynamics upon implementation of solutions to comply with the NPDWR for PFAS.

On October 30, 2024, the EPA published the LCRI with a "Compliance Date" of November 1, 2027. The LCRI focus includes requirements related to (i) replacing all lead and certain galvanized service lines under a utilities control by October 30, 2037, 10 years from the Compliance Date; (ii) identifying the materials of all service lines of unknown material; (iii) improving tap sampling; (iv) lowering the lead action level; and (v) strengthening protections to reduce exposure. The Company estimates an investment of approximately $1.5 billion of capital expenditures between 2026 and 2030 related to complying with the LCRI. The Company will continue to invest thereafter in order to fully comply with the LCRI by 2037.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the CPUC granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

(In millions)	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest Income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses. For a discussion and analysis of the Company's financial statements for fiscal 2024 compared to fiscal 2023, please refer to Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 19, 2025.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 4,723	$ 4,296	$ 3,920
Operation and maintenance	1,642	1,517	1,441
Depreciation and amortization	883	772	693
General taxes	325	301	288
Other operating (income) expense	—	—	(1)
Other income (expense)	(415)	(339)	(269)
Provision for income taxes	321	302	259
Net income attributable to common shareholders	$ 1,137	$ 1,065	$ 971

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Water services:			
Residential	$ 2,557	$ 2,349	$ 2,143
Commercial	981	885	798
Fire service	189	164	158
Industrial	195	184	167
Public and other	311	291	274
Total water services	4,233	3,873	3,540
Wastewater services:			
Residential	287	245	228
Commercial	86	70	62
Industrial	10	12	8
Public and other	39	36	29
Total wastewater services	422	363	327
Other (a)	68	60	53
Total operating revenues	$ 4,723	$ 4,296	$ 3,920

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

	For the Years Ended December 31,		
(Gallons in millions)	**2025**	**2024**	**2023**
Billed water services volumes:			
Residential	161,270	163,583	160,921
Commercial	80,864	80,385	78,404
Industrial	36,703	37,217	36,404
Fire service, public and other	54,405	54,700	54,236
Total billed water services volumes	333,242	335,885	329,965

In 2025, as compared to 2024, operating revenues increased $427 million, primarily due to a $406 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $49 million from water and wastewater acquisitions, as well as organic growth in existing systems. These increases were partially offset by an estimated $36 million decrease in 2025, due to warmer, drier weather compared to normal in 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Employee-related costs	$ 582	$ 543	$ 513
Production costs	483	458	438
Operating supplies and services	306	274	255
Maintenance materials and supplies	104	97	102
Customer billing and accounting	92	72	65
Other	75	73	68
Total operation and maintenance expense	$ 1,642	$ 1,517	$ 1,441

Employee-Related Costs

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Salaries and wages	$ 468	$ 434	$ 413
Group insurance	73	69	60
Pensions	5	7	9
Other benefits	36	33	31
Total employee-related costs	$ 582	$ 543	$ 513

In 2025, as compared to 2024, employee-related costs increased $39 million primarily due to an increase in salaries and wages due to higher employee headcount to support growth of the business and merit increases, which was partially offset by higher capitalized labor and overhead rates.

Production Costs

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Purchased water	$ 189	$ 180	$ 161
Purchased power	130	112	108
Chemicals	106	107	105
Waste disposal	58	59	64
Total production costs	$ 483	$ 458	$ 438

In 2025, as compared to 2024, production costs increased $25 million primarily from higher purchased power costs and higher purchased water costs and usage.

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $32 million primarily from higher technology related costs, higher contracted services and increased maintenance and service costs on buildings.

Customer Billing and Accounting

In 2025, as compared to 2024, customer billing and accounting increased $20 million primarily due to an increase in customer uncollectible expense.

Depreciation and Amortization

In 2025, as compared to 2024, depreciation and amortization increased $111 million primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

In 2025, as compared to 2024, general taxes increased $24 million primarily due to New Jersey Gross Receipts Tax, incremental property taxes and higher capital stock taxes.

Other Income (Expense)

In 2025, as compared to 2024, other expenses increased $76 million primarily due to higher interest expense from the issuance of incremental long-term debt. Other expenses also increased due to higher net periodic pension costs. These increases were partially offset by an increase in AFUDC in 2025.

Provision for Income Taxes

In 2025, as compared to 2024, the Regulated Businesses' provision for income taxes increased $19 million. The Regulated Businesses' effective income tax rate was 22.0% and 22.1% for the years ended December 31, 2025 and 2024, respectively.

Other

Presented in the table below is information for Other:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating revenues	$ 417	$ 388	$ 314
Operation and maintenance	377	341	279
Depreciation and amortization	11	16	11
General taxes	23	19	19
Interest expense	(141)	(107)	(96)
Interest income	85	77	45
Other income	14	10	12
Provision for (benefit from) income taxes	(10)	6	(7)
Net loss attributable to common shareholders	$ (26)	$ (14)	$ (27)

Operating Revenues

In 2025, as compared to 2024, operating revenues increased $29 million from an increase in capital projects to provide water and wastewater services to military installations and municipal customers.

Operation and Maintenance

Presented in the table below is information regarding the main components of Other's operating and maintenance expense:

	For the Years Ended December 31,		
(In millions)	**2025**	**2024**	**2023**
Operating supplies and services	$ 234	$ 195	$ 150
Maintenance materials and supplies	22	27	29
Employee-related costs	105	101	85
Production costs	11	10	9
Other	5	8	6
Total operation and maintenance expense	$ 377	$ 341	$ 279

Operating Supplies and Services

In 2025, as compared to 2024, operating supplies and services increased $39 million primarily due to increased costs associated with projects to provide water and wastewater services to military installations and municipal customers and $13 million of merger-related costs from the Essential Merger Agreement.

Interest Expense

In 2025, as compared to 2024, interest expense increased $34 million primarily due to higher average commercial paper borrowings.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and/or is effective as of February 18, 2026:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the SCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and became effective on August 28, 2025.

Liquidity and Capital Resources

The Company uses its capital resources, including cash, primarily to (i) fund operating and capital requirements, (ii) pay interest and meet debt maturities, (iii) pay dividends, (iv) fund acquisitions, (v) fund pension and postretirement benefit obligations, and (vi) to pay federal income taxes. The Company invests a significant amount of cash on regulated capital projects where it expects to earn a long-term return on investment. Additionally, the Company operates in rate regulated environments in which the amount of new investment recovery may be limited, and where such recovery generally takes place over an extended period of time, and certain capital recovery is also subject to regulatory lag. See Item 1—Business—Regulated Businesses—Regulation and Rate Making for additional information. The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS, all of which were received as of February 13, 2026. See Note 5—Mergers, Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

The Company regularly evaluates and monitors its cash requirements for capital investments, acquisitions, operations, commitments, debt maturities, interest and dividends. The Company's business is capital intensive, with a majority of this capital funded by cash flows from operations. The Company also obtains funds from external sources, primarily in the debt markets and through short-term commercial paper borrowings, and may also access the equity capital markets as needed or desired to support capital funding requirements. In order to meet short-term liquidity needs, AWCC issues commercial paper that is supported by its revolving credit facility. The Company's access to external financing on reasonable terms may depend on, as appropriate, any or all of the following: current business conditions, including that of the utility and water utility industry in general; conditions in the debt or equity capital markets; the Company's credit ratings; and conditions in the national and international economic and geopolitical arenas. Disruptions in the credit markets may discourage lenders from extending the terms of such commitments or agreeing to new commitments. Market disruptions may also limit the Company's ability to issue debt and equity securities in the capital markets.

If these unfavorable business, market, financial and other conditions deteriorate to the extent that the Company is no longer able to access the commercial paper and/or capital markets on reasonable terms, AWCC has access to an unsecured revolving credit facility. The Company's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. AWCC's revolving credit facility is used principally to support its commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.60 billion. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million. As of December 31, 2025, AWCC had no outstanding borrowings and $84 million of outstanding letters of credit under its revolving credit facility, with $1.1 billion available to fulfill its short-term liquidity needs and to issue letters of credit.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. The Company's future cash flows from operating activities will be affected by, among other things: customers' ability to pay for service in a timely manner, economic utility regulation, inflation, compliance with environmental, health and safety standards, production costs, maintenance costs, customer growth, declining customer usage of water, employee-related costs, including pension funding, weather and seasonality, taxes and overall economic conditions. The Company's current liabilities may exceed current assets mainly from debt maturities due within one year and the use of short-term debt as a funding source, primarily to meet scheduled maturities of long-term debt, fund acquisitions and construction projects, as well as cash needs, which can fluctuate significantly due to the seasonality of the business and other factors. The Company addresses cash timing differences primarily through its short-term liquidity funding mechanisms.

Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Net income	$ 1,111	$ 1,051	$ 944
Add (less):			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Other non-cash activities (a)	19	62	(9)
Changes in assets and liabilities (b)	(51)	40	76
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Net cash provided by operating activities	$ 2,059	$ 2,045	$ 1,874

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

In 2025, cash flows provided by operating activities increased $14 million, primarily due to an increase in net income and depreciation, partially offset by the payment of CAMT liability, utilization of income tax receivables in the prior year and higher customer receivables and unbilled revenues in the current period.

The Company expects to make pension contributions to the plan trusts of $44 million in 2026. Actual amounts contributed could change materially from this estimate as a result of changes in assumptions and actual investment returns, among other factors.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Capital expenditures	$ (3,126)	$ (2,856)	$ (2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	$ (3,309)	$ (3,379)	$ (2,815)

In 2025, cash flows used in investing activities decreased $70 million primarily as a result of decreased payments for acquisitions, partially offset by increased payments for capital expenditures in 2025. The Company continues to invest across all infrastructure categories, mainly replacement and renewal of transmission and distribution and services, meter and fire hydrants infrastructure in the Company's Regulated Businesses, as discussed below.

The Company's infrastructure investment plan consists of both infrastructure renewal programs, where the Company replaces mains, services, meters, hydrants and valves, as needed, and major capital investment projects, where the Company constructs new water and wastewater treatment and delivery facilities to meet new customer growth, and meet new or updated environmental and water quality regulations. The Company's projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Presented in the table below is a summary of the Company's capital expenditures by category:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Transmission and distribution	$ 1,023	$ 882	$ 922
Treatment and pumping	438	305	322
Services, meter and fire hydrants	833	805	652
General structure and equipment	416	425	333
Sources of supply	121	163	88
Wastewater	295	276	258
Total capital expenditures	$ 3,126	$ 2,856	$ 2,575

In 2025, the Company's capital expenditures increased $270 million due to an increase across most infrastructure categories.

The Company also grows its business through acquisitions of water and wastewater systems. These acquisitions are generally located in geographic proximity to the Company's existing Regulated Businesses and support continued geographical diversification and growth of its operations. Generally, acquisitions are funded initially with short-term debt, and later refinanced with long-term financing. During 2025, the Company paid $71 million to fund acquisitions, including deposits for pending acquisitions. The Company closed on 18 acquisitions of various regulated water and wastewater systems during 2025, which added approximately 20,900 water and wastewater customers.

As previously noted, over the next five years the Company expects to invest between $19 billion to $20 billion, with $17 billion to $17.5 billion for infrastructure improvements in the Regulated Businesses, and the Company expects to invest between $46 billion to $48 billion over the next 10 years. In 2026, the Company expects to invest $3.7 billion, consisting of infrastructure improvements and acquisitions in the Regulated Businesses.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Years Ended December 31, 2025	2024	2023
Proceeds from long-term debt, net of discount	$ 1,781	$ 1,437	$ 1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other financing activities, net (a)	73	47	62
Net cash provided by financing activities	$ 1,249	$ 1,110	$ 1,188

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

In 2025, cash flows provided by financing activities increased $139 million, primarily due to higher issuances of long-term debt and higher short-term commercial paper borrowings in the current year. These increases were partially offset by higher repayments of long-term debt and dividend payments in the current year.

The Company's financing activities are primarily focused on funding regulated infrastructure expenditures, regulated acquisitions and payment of dividends. These activities included the issuance of long-term and short-term debt, primarily through AWCC and equity issuances from parent company. Based on the needs of the Regulated Businesses and the Company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide those borrowings to the Regulated Businesses and parent company. The Regulated Businesses and parent company are obligated to pay their portion of the respective principal and interest to AWCC, in the amount necessary to enable AWCC to meet its debt service obligations. Parent company's borrowings are not a source of capital for the Regulated Businesses, therefore, parent company is not able to recover the interest charges on its debt through regulated water and wastewater rates. As of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to the Regulated Businesses amounting to $10.7 billion. Additionally, as of December 31, 2025, AWCC has made long-term fixed rate loans and short-term loans to parent company amounting to $4.0 billion.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of the Notes. AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. See Note 11—Long-Term Debt in the Notes to Consolidated Financial Statements for additional information.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A-" or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

In February 2024, parent company and AWCC filed with the SEC a universal shelf registration statement that enables the Company to meet its capital needs through the offer and sale to the public from time to time of an unlimited amount of various types of securities, including American Water common stock, preferred stock, and other equity and hybrid securities, and AWCC debt securities, all subject to market conditions and demand, general economic conditions, and as applicable, rating status. The shelf registration statement will expire in February 2027. During 2025 and 2024, $1.7 billion and $1.4 billion, respectively, of debt securities were issued under this registration statement. During 2025, under this registration statement, parent company entered into the Forward Sale Agreements with an aggregate of 8,098,592 shares of its common stock at an initial forward price of $139.657 per share for an estimated aggregate net proceeds of approximately $1,131 million. During 2023, under a predecessor registration statement, parent company issued 12,650,000 shares of its common stock for aggregate net proceeds of approximately $1,688 million.

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC (a)	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC (a)	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. See "—Issuer and Guarantor of Senior Notes" below.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount (in millions)
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

From time to time and as market conditions warrant, the Company may engage in long-term debt retirements through make-whole redemptions, tender offers, open market repurchases or other viable alternatives.

Issuer and Guarantor of Senior Notes

Outstanding unsecured senior notes issued by AWCC (other than the Notes) have been issued under two indentures, each by and between AWCC and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the notes issued thereunder. The Notes were issued under an indenture, by and among AWCC, parent company and U.S. Bank Trust Company, National Association, as trustee, providing for the rights and obligations of the parties thereto and the holders of the Notes. The senior notes and the Notes have been issued with the benefit of a support agreement, as amended, between parent company and AWCC, which serves as the functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness. No other subsidiary of parent company provides guarantees for any of such indebtedness. If AWCC is unable to make timely payment of any interest, principal or premium, if any, on such senior notes or the Notes, parent company will provide to AWCC, at its request or the request of any holder thereof, funds to make such payment in full. If AWCC fails or refuses to take timely action to enforce certain rights under the support agreement or if AWCC defaults in the timely payment of any amounts owed to any such holder, when due, the support agreement provides that such holder may proceed directly against parent company to enforce such rights or to obtain payment of the defaulted amounts owed to that holder.

As a wholly owned finance subsidiary of parent company, AWCC has no significant assets other than obligations of parent company and certain of its subsidiaries in its Regulated Businesses segment to repay certain intercompany loans made to them by AWCC. AWCC's ability to make payments of amounts owed to holders of the senior notes and the Notes will be dependent upon AWCC's receipt of sufficient payments of amounts owed pursuant to the terms of such intercompany loans and from its ability to issue indebtedness or otherwise obtain loans in the future, the proceeds of which would be used to fund the repayment of the senior notes and the Notes.

Because parent company is a holding company and substantially all of its operations are conducted through its subsidiaries other than AWCC, parent company's ability to fulfill its obligations under the support agreement will be dependent upon its receipt of sufficient cash dividends or distributions from its operating subsidiaries. See Note 9—Shareholders' Equity—Dividends and Distributions, in the Notes to the Consolidated Financial Statements for a summary of the limitations on parent company and its subsidiaries to pay dividends or make distributions. Furthermore, parent company's operating subsidiaries are separate and distinct legal entities and, other than AWCC, have no obligation to make any payments on the senior notes or the Notes or to make available or provide any funds for such payment, other than through their repayment obligations under intercompany loans, if any, with AWCC. Based on the foregoing, parent company's obligations under the support agreement will be effectively subordinated to all indebtedness and other liabilities, including trade payables, lease commitments and moneys borrowed or other indebtedness incurred or issued by parent company's subsidiaries other than AWCC.

Credit Facilities and Short-Term Debt

Interest rates on advances under the AWCC revolving credit facility are based on a credit spread to the Secured Overnight Financing Rate ("SOFR") rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt. The facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit of up to $150 million for letters of credit. Indebtedness under the facility and AWCC's commercial paper are considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations thereunder.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

(In millions)	2024 Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted average interest rate on AWCC's outstanding short-term borrowings was approximately 3.89% and 4.65%, for the years ended December 31, 2025 and 2024, respectively.

Capital Structure

Presented in the table below is the percentage of the Company's capitalization represented by the components of its capital structure as of December 31:

	2025	2024	2023
Total common shareholders' equity	40.6 %	42.4 %	44.2 %
Long-term debt and redeemable preferred stock at redemption value	47.9 %	51.4 %	52.9 %
Short-term debt and current portion of long-term debt	11.5 %	6.2 %	2.9 %
Total	100 %	100 %	100 %

The change in the capital structure mix in 2025 was mainly attributable to the increase in short-term commercial paper borrowings and the increase in long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On December 31, 2025, the Company's ratio was 0.59 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of February 18, 2026, as issued by Moody's Ratings on January 29, 2026, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends and Regulatory Restrictions

For discussion of the Company's dividends, dividend restrictions and dividend policy, see Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Insurance Coverage

The Company carries various property, casualty, cyber and financial insurance policies with limits, deductibles and exclusions that it believes are consistent with industry standards. However, insurance coverage may not be adequate or available to cover unanticipated losses or claims. Additionally, annual policy renewals can be impacted by claims experience or adverse insurance market trends which in turn can impact coverage terms and conditions on a going-forward basis. The Company is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Such losses could have a material adverse effect on the Company's short-term and long-term financial condition and its results of operations and cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that management apply accounting policies and develop estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. Management believes that the areas described below require significant judgment in the application of accounting policy or in making estimates and assumptions in matters that are inherently uncertain and that may change in subsequent periods. Accordingly, changes in the estimates, assumptions and judgments applied to these accounting policies could have a significant impact on the Company's financial condition, results of operations and cash flows, as reflected in the Company's Consolidated Financial Statements. Management has reviewed the critical accounting polices described below with the Company's Audit, Finance and Risk Committee, including the estimates, assumptions and judgments used in their application. Additional discussion regarding these critical accounting policies and their application can be found in Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Regulation and Regulatory Accounting

The Company's regulated utilities are subject to regulation by PUCs and, as such, the Company follows the authoritative accounting principles required for rate regulated utilities, which requires the Company to reflect the effects of rate regulation in its Consolidated Financial Statements. Use of this authoritative guidance is applicable to utility operations that meet the following criteria: (i) third-party regulation of rates; (ii) cost-based rates; and (iii) a reasonable assumption that rates will be set to recover the estimated costs of providing service, plus a return on net investment, or rate base. As of December 31, 2025, the Company concluded that the operations of its utilities met the criteria.

Application of this authoritative guidance has a further effect on the Company's financial statements as it pertains to allowable costs used in the ratemaking process. The Company makes significant assumptions and estimates to quantify amounts recorded as regulatory assets and liabilities. Such judgments include, but are not limited to, assets and liabilities related to regulated acquisitions, pension and postretirement benefits, depreciation rates and taxes. Due to timing and other differences in the collection of revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, the principles require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers.

For each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation. If subsequent events indicate that the regulatory assets or liabilities no longer meet the criteria for probable future recovery or probable future settlement, the Company's Consolidated Statements of Operations and financial position could be materially affected. In addition, if the Company concludes in a future period that a separable portion of the business no longer meets the criteria, the Company is required to eliminate the financial statement effects of regulation for that part of the business, which would include the elimination of any or all regulatory assets and liabilities that had been recorded in the Consolidated Financial Statements. Failure to meet the criteria of this authoritative guidance could materially impact the Company's Consolidated Financial Statements.

As of December 31, 2025 and 2024, the Company's regulatory asset balance was $1.2 billion, and its regulatory liability balance was $1.4 billion. See Note 3—Regulatory Matters in the Notes to Consolidated Financial Statements for further information regarding the Company's significant regulatory assets and liabilities.

Accounting for Income Taxes

Significant management judgment is required in determining the provision for income taxes, primarily due to the uncertainty related to tax positions taken, as well as deferred tax assets and liabilities, valuation allowances and the utilization of net operating loss carryforwards.

In accordance with applicable authoritative guidance, the Company accounts for uncertain income tax positions using a benefit recognition model with a two-step approach, including a more-likely-than-not recognition threshold and a measurement approach based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. If it is not more-likely-than-not that the benefit of the tax position will be sustained on its technical merits, no benefit is recorded. Uncertain tax positions that relate only to timing of when an item is included on a tax return are considered to have met the recognition threshold. Management evaluates each position based solely on the technical merits and facts and circumstances of the position, assuming the position will be examined by a taxing authority having full knowledge of all relevant information. Significant judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefit to be recorded in the Consolidated Financial Statements.

The Company evaluates the probability of realizing deferred tax assets quarterly by reviewing a forecast of future taxable income and its intent and ability to implement tax planning strategies, if necessary, to realize deferred tax assets. The Company also assesses its ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. The Company records valuation allowances for deferred tax assets when it concludes that it is more-likely-than-not such benefit will not be realized in future periods.

Under GAAP, specifically Accounting Standards Codification ("ASC 740"), *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. For the Company's regulated entities, the change in deferred taxes are recorded as either an offset to a regulatory asset or a regulatory liability and may be subject to refund to customers. For the Company's unregulated operations, the change in deferred taxes are recorded as a non-cash re-measurement adjustment to earnings.

Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Company's forecasted financial condition and results of operations, failure to successfully implement tax planning strategies and recovery of taxes through the regulatory process for the Regulated Businesses, as well as results of audits and examinations of filed tax returns by taxing authorities. The resulting tax balances as of December 31, 2025 and 2024, are appropriately accounted for in accordance with the applicable authoritative guidance; however, the ultimate outcome of tax matters could result in favorable or unfavorable adjustments to the Consolidated Financial Statements and such adjustments could be material. See Note 14—Income Taxes in the Notes to Consolidated Financial Statements for additional information regarding income taxes.

Accounting for Pension and Postretirement Benefits

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. The Company also maintains other postretirement benefit plans providing medical and life insurance to eligible retirees. See Note 2—Significant Accounting Policies and Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional information regarding the description of and accounting for the defined benefit pension plans and postretirement benefit plans.

The Company's pension and postretirement benefit costs are developed from actuarial valuations. Inherent in these valuations are key assumptions provided by the Company to its actuaries, including the discount rate and expected long-term rate of return on plan assets. Material changes in the Company's pension and postretirement benefit costs may occur in the future due to changes in these assumptions as well as fluctuations in plan assets. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes. The primary assumptions are:

- Discount Rate—The discount rate is used in calculating the present value of benefits, which are based on projections of benefit payments to be made in the future. The objective in selecting the discount rate is to measure the single amount that, if invested at the measurement date in a portfolio of high-quality debt instruments, would provide the necessary future cash flows to pay the accumulated benefits when due.
- Expected Return on Plan Assets ("EROA")—Management projects the future return on plan assets considering prior performance, but primarily based upon the plans' mix of assets and expectations for the long-term returns on those asset classes. These projected returns reduce the net benefit costs the Company records currently.
- Rate of Compensation Increase—Management projects employees' pay increases, which are used to project employees' pension benefits at retirement.
- Health Care Cost Trend Rate—Management projects the expected increases in the cost of health care.
- Mortality— Management adopted the Society of Actuaries Pri-2012 base mortality table, the most recent table developed from private pension plan experience, which provides rates of mortality in 2012 and adopted the MP-2021 mortality improvement scale to gradually adjust future mortality rates downward due to increased longevity in each year after 2012.

The discount rate assumption, which is determined for the pension and postretirement benefit plans independently, is subject to change each year, consistent with changes in applicable high-quality, long-term corporate bond indices. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. For each plan, the discount rate was developed as the level equivalent rate that would yield the same present value as using spot rates aligned with the projected benefit payments. The weighted-average discount rate assumption for determining pension benefit obligations was 5.54%, 5.70% and 5.18% at December 31, 2025, 2024 and 2023, respectively. The weighted-average discount rate assumption for determining other postretirement benefit obligations was 5.46%, 5.69% and 5.22% at December 31, 2025, 2024 and 2023, respectively.

In selecting an EROA, the Company considered tax implications, past performance and economic forecasts for the types of investments held by the plans. The weighted-average EROA assumption used in calculating pension cost was 6.63% for 2025, 6.73% for 2024 and 6.79% for 2023. The weighted-average EROA assumption used in calculating other postretirement benefit costs was 5.00% for 2025, 5.00% for 2024 and 5.00% for 2023.

Presented in the table below are the allocations of the pension plan assets by asset category:

Asset Category	2026 Target Allocation	Percentage of Plan Assets as of December 31, 2025	2024
Equity securities	38 %	45 %	44 %
Fixed income	62 %	55 %	56 %
Total	100 %	100 %	100 %

Presented in the table below are the allocations of the other postretirement benefit plan assets by asset category:

Asset Category	2026 Target Allocation (a)	Percentage of Plan Assets as of December 31, 2025	2024
Equity securities	27 %	35 %	34 %
Fixed income	73 %	65 %	66 %
Total	100 %	100 %	100 %

(a) Refer to Note 15—Employee Benefits in the Notes to Consolidated Financial Statements for additional details on the allocations of assets and the trusts which fund the other postretirement benefit plans

The investments of the pension and postretirement welfare plan trusts are invested in a number of separately managed accounts, commingled funds and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts. The trustee for the Company's defined benefit pension and postretirement welfare plans uses an independent valuation firm to calculate the fair value of plan assets.

In selecting a rate of compensation increase, the Company considers past experience in light of movements in inflation rates. The Company's rate of compensation increase was 3.45% for 2025 and 3.51% for both 2024 and 2023.

In selecting health care cost trend rates, the Company considers past performance and forecasts of increases in health care costs. As of January 1, 2025, the Company's health care cost trend rate assumption used to calculate the periodic benefit cost was 6.50% in 2025 gradually declining to 5.00% in 2031 and thereafter. As of December 31, 2025, the Company projects that medical inflation will be 7.00% in 2026 gradually declining to 5.00% in 2032 and thereafter.

The Company will use a weighted-average discount rate and EROA of 5.54% and 6.63%, respectively, for estimating its 2026 pension costs. Additionally, the Company will use a weighted-average discount rate and EROA of 5.46% and 5.00%, respectively, for estimating its 2026 other postretirement benefit costs. A decrease in the discount rate or the EROA would increase the Company's pension expense. The Company's 2025 pension and postretirement total net benefit cost was $1 million and the 2024 pension and postretirement total net benefit credit was $3 million. The Company expects to make pension contributions to the plan trusts of $44 million in 2026; however, the actual amounts contributed could change materially from this estimate. The assumptions are reviewed annually and at any interim re-measurement of the plan obligations. The impact of assumption changes is reflected in the recorded pension and postretirement benefit amounts as they occur, or over a period of time if allowed under applicable accounting standards.

Revenue Recognition

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

Increases or decreases in the volumes delivered to customers and rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the unbilled revenue calculation. Unbilled revenue for the Company's regulated utilities as of December 31, 2025 and 2024 was $249 million and $219 million, respectively.

The Company also recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery, and are expected to be collected within 24 months following the end of the period in which they were recognized.

The Company also has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. Unbilled revenue within Other as of December 31, 2025 and 2024, was $184 million and $96 million, respectively.

Accounting for Contingencies

The Company records loss contingencies when management determines that the outcome of future events is probable of occurring and when the amount of the loss or a range of losses can be reasonably estimated. The determination of a loss contingency is based on management's judgment and estimates about the likely outcome of the matter, which may include an analysis of different scenarios. Liabilities are recorded or adjusted when events or circumstances cause these judgments or estimates to change. In assessing whether a loss is reasonably possible, management considers many factors, which include, but are not limited to: the nature of the litigation, claim or assessment, review of applicable law, opinions or views of legal counsel and other advisors, and the experience gained from similar cases or situations. The Company provides disclosures for material contingencies when management deems there is a reasonable possibility that a loss or an additional loss may be incurred. The Company provides estimates of reasonably possible losses when such estimates may be reasonably determined, either as a single amount or within a reasonable range.

Actual amounts realized upon settlement or other resolution of loss contingencies may be different than amounts recorded and disclosed and could have a significant impact on the liabilities, revenue and expenses recorded on the Consolidated Financial Statements. See Note 16—Commitments and Contingencies in the Notes to Consolidated Financial Statements for additional information regarding contingencies.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of recent accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk associated with changes in commodity prices, equity prices and interest rates. The Company is exposed to risks from changes in interest rates as a result of its issuance of variable and fixed rate debt and commercial paper. The Company manages its interest rate exposure by limiting its variable rate exposure and by monitoring the effects of market changes in interest rates. The Company also has the ability to enter into financial derivative instruments, which could include instruments such as, but not limited to, interest rate swaps, forward starting swaps and U.S. Treasury lock agreements to manage and mitigate interest rate risk exposure. As of December 31, 2025, a hypothetical 1% increase in average interest rates applied to the Company's short-term borrowing balances throughout 2025 would result in an increased annual interest expense of approximately $12 million.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed rate of 4.47%. When entering into treasury locks, the Company is subject to market risk with respect to changes in the underlying benchmark interest rate that impacts the fair value of the treasury locks. The Company manages market risk by matching the terms of the treasury locks with the critical terms of the expected debt issuance. The fair value of the treasury locks at December 31, 2025, was in a gain position of $2 million. A hypothetical 1% adverse change in interest rates would result in a decrease in the fair value of the treasury locks to a loss position of approximately $21 million at December 31, 2025.

The Company's risks associated with price increases for chemicals, electricity and other commodities are reduced through contractual arrangements and the expected ability to recover price increases through rates, in the next general rate case proceeding or other regulatory mechanism, as authorized by each regulatory jurisdiction. Non-performance by these commodity suppliers could have a material adverse impact on the Company's results of operations, financial position and cash flows.

The market price of the Company's common stock may experience fluctuations, which may be unrelated to its operating performance. In particular, the Company's stock price may be affected by general market movements as well as developments specifically related to the water and wastewater industry. These could include, among other things, interest rate movements, quarterly variations or changes in financial estimates by securities analysts and governmental or regulatory actions. This volatility may make it difficult for the Company to access the capital markets in the future through additional offerings of its common stock or other equity securities, regardless of its financial performance, and such difficulty may preclude the Company from being able to take advantage of certain business opportunities or meet business obligations.

The Company is exposed to credit risk through its water, wastewater and related services. The Company's Regulated Businesses serve residential, commercial, industrial and other customers, while the businesses within Other engage in business activities with government entities and other customers. The Company's primary credit risk is exposure to customer default on contractual obligations and the associated loss that may be incurred due to the non-payment of customer accounts receivable balances. The Company's credit risk is managed through established credit and collection policies which are in compliance with applicable regulatory requirements and involve monitoring of customer exposure and the use of credit risk mitigation measures such as letters of credit or prepayment arrangements. The Company's credit portfolio is diversified with no significant customer or industry concentrations. In addition, the Regulated Businesses are generally able to recover all prudently incurred costs including uncollectible customer accounts receivable expenses and collection costs through rates.

The Company's retirement trust assets are exposed to the market prices of debt and equity securities. Changes to the retirement trust asset values can impact the Company's pension and other benefits expense, funded status and future minimum funding requirements. Changes in interest rates can impact retirement liabilities. The Company aims to reduce risk through asset diversification and by investing in long duration fixed-income securities that have a duration similar to that of its pension liabilities, seeking to hedge some of the interest rate sensitivity of its liabilities. That way, if interest rates fall and liabilities increase, the Company expects that the fixed-income assets in its retirement trust will also increase in value. The Company also expects its risk to be reduced through its ability to recover pension and other benefit costs through rates.

The Company is also exposed to a potential national economic recession or deterioration in local economic conditions in the markets in which it operates. The credit quality of the Company's customer accounts receivable is dependent on the economy and the ability of its customers to manage through unfavorable economic cycles and other market changes. In addition, there can be no assurances that regulators will grant sufficient rate authorizations. Therefore, the Company's ability to fully recover operating expense, recover its investment and provide an appropriate return on invested capital made in the Regulated Businesses may be adversely impacted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,154 million and $1,440 million, respectively, as of December 31, 2025. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

We have served as the Company's auditor since 1948.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 37,955	$ 35,059
Accumulated depreciation	(7,379)	(7,021)
Property, plant and equipment, net	30,576	28,038
Current assets:		
Cash and cash equivalents	98	96
Restricted funds	21	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	395	416
Income tax receivable	9	25
Unbilled revenues	433	315
Materials and supplies	112	103
Secured seller promissory note from the sale of the Homeowner Services Group	795	—
Other	328	231
Total current assets	2,191	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,132	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Operating lease right-of-use assets	85	89
Goodwill	1,156	1,144
Other	302	399
Total regulatory and other long-term assets	2,675	3,577
Total assets	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets
(In millions, except share and per share data)

	December 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,605,170 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,642	8,598
Retained earnings	2,575	2,112
Accumulated other comprehensive income	6	12
Treasury stock, at cost (5,428,008 and 5,451,216 shares, respectively)	(388)	(392)
Total common shareholders' equity	10,837	10,332
Long-term debt	12,777	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,780	12,521
Total capitalization	23,617	22,853
Current liabilities:		
Short-term debt	1,588	879
Current portion of long-term debt	1,479	637
Accounts payable	378	346
Accrued liabilities	830	791
Accrued taxes	134	156
Accrued interest	140	111
Other	198	230
Total current liabilities	4,747	3,150
Regulatory and other long-term liabilities:		
Advances for construction	435	383
Deferred income taxes and investment tax credits	3,190	2,881
Regulatory liabilities	1,416	1,416
Operating lease liabilities	74	76
Accrued pension expense	167	217
Other	166	277
Total regulatory and other long-term liabilities	5,448	5,250
Contributions in aid of construction	1,630	1,577
Commitments and contingencies (See Note 16)		
Total capitalization and liabilities	$ 35,442	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations
(In millions, except per share data)

	For the Years Ended December 31,		
	2025	2024	2023
Operating revenues	$ 5,140	$ 4,684	$ 4,234
Operating expenses:			
Operation and maintenance	2,019	1,858	1,720
Depreciation and amortization	894	788	704
General taxes	348	320	307
Other	—	—	(1)
Total operating expenses, net	3,261	2,966	2,730
Operating income	1,879	1,718	1,504
Other income (expense):			
Interest expense	(615)	(523)	(460)
Interest income	90	94	73
Non-operating benefit costs, net	16	28	32
Other, net	52	42	47
Total other income (expense)	(457)	(359)	(308)
Income before income taxes	1,422	1,359	1,196
Provision for income taxes	311	308	252
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Basic earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Diluted earnings per share: (a)			
Net income attributable to common shareholders	$ 5.69	$ 5.39	$ 4.90
Weighted average common shares outstanding:			
Basic	195	195	193
Diluted	195	195	193

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income
(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Other comprehensive (loss) income, net of tax:			
Change in employee benefit plan funded status, net of tax of $0, $0 and $(2) in 2025, 2024 and 2023, respectively	—	1	(3)
Defined benefit pension plan amortization of actuarial loss, net of tax of $0 in 2025, 2024 and 2023	1	—	4
Unrealized (loss) gain on cash flow hedges, net of tax of $(2), $9 and $0 in 2025, 2024 and 2023, respectively	(4)	39	(8)
Unrealized (loss) gain on available-for-sale fixed-income securities, net of tax of $(1), $0, $0 in 2025, 2024 and 2023, respectively	(3)	(2)	4
Net other comprehensive (loss) income	(6)	38	(3)
Comprehensive income attributable to common shareholders	$ 1,105	$ 1,089	$ 941

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows
(In millions)

	For the Years Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,111	$ 1,051	$ 944
Adjustments to reconcile to net cash flows provided by operating activities:			
Depreciation and amortization	894	788	704
Deferred income taxes and amortization of investment tax credits	135	156	208
Provision for losses on accounts receivable	48	31	24
Pension and non-pension postretirement benefits	1	(3)	(6)
Other non-cash, net	(30)	34	(27)
Changes in assets and liabilities:			
Receivables and unbilled revenues	(145)	(107)	(56)
Income tax receivable	16	61	28
Pension and non-pension postretirement benefit contributions	(49)	(52)	(49)
Accounts payable and accrued liabilities	97	111	70
Accrued taxes	(30)	92	21
Other assets and liabilities, net	11	(117)	13
Net cash provided by operating activities	2,059	2,045	1,874
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(3,126)	(2,856)	(2,575)
Acquisitions, net of cash acquired	(71)	(417)	(81)
Removal costs from property, plant and equipment retirements, net	(175)	(152)	(159)
Purchases of available-for-sale fixed-income securities	(46)	(135)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	109	181	—
Net cash used in investing activities	(3,309)	(3,379)	(2,815)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt, net of discount	1,781	1,437	1,264
Repayments of long-term debt	(664)	(475)	(282)
Net proceeds from common stock financing	—	—	1,688
Net short-term borrowings (repayments) with maturities less than three months	709	700	(996)
Advances and contributions in aid of construction, net of refunds of $31, $33 and $25 in 2025, 2024 and 2023, respectively	67	39	60
Debt issuance costs	(17)	(14)	(16)
Dividends paid	(633)	(585)	(532)
Other, net	6	8	2
Net cash provided by financing activities	1,249	1,110	1,188
Net (decrease) increase in cash, cash equivalents and restricted funds	(1)	(224)	247
Cash, cash equivalents and restricted funds at beginning of period	140	364	117
Cash, cash equivalents and restricted funds at end of period	$ 139	$ 140	$ 364
Cash paid during the year for:			
Interest, net of capitalized amount	$ 568	$ 483	$ 445
Non-cash investing activity:			
Capital expenditures acquired on account but unpaid as of year end	$ 350	$ 347	$ 399
Acquisition financed by treasury stock	$ 11	$ —	$ —
Non-cash financing activity:			
Settlements of long-term debt	$ 27	$ —	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity
(In millions, except per share data)

	Common Stock				Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2022	187.4	$ 2	$ 6,824	$ 1,267	$ (23)	(5.4)	$ (377)	$ 7,693
Net income attributable to common shareholders	—	—	—	944	—	—	—	944
Common stock issuances (a)	12.7	—	1,726	—	—	(0.1)	(11)	1,715
Net other comprehensive loss	—	—	—	—	(3)	—	—	(3)
Dividends ($2.83 declared per common share)	—	—	—	(552)	—	—	—	(552)
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	1,051	—	—	—	1,051
Common stock issuances (a)	0.3	—	48	—	—	—	(4)	44
Net other comprehensive income	—	—	—	—	38	—	—	38
Dividends ($3.06 declared per common share)	—	—	—	(598)	—	—	—	(598)
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	1,111	—	—	—	1,111
Common stock issuances (a)	0.2	—	44	—	—	—	(6)	38
Acquisitions via treasury stock	—	—	—	—	—	0.1	10	10
Net other comprehensive loss	—	—	—	—	(6)	—	—	(6)
Dividends ($3.31 declared per common share)	—	—	—	(648)	—	—	—	(648)
Balance as of December 31, 2025	200.6	$ 2	$ 8,642	$ 2,575	$ 6	(5.4)	$ (388)	$ 10,837

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements
(Unless otherwise noted, in millions, except per share data)

Note 1: Organization and Operation

American Water Works Company, Inc. (the "Company" or "American Water") is a holding company for subsidiaries that provide water and wastewater services throughout the United States. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The Company's primary business involves the ownership of regulated utilities that provide water and wastewater services in 14 states in the United States, collectively referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP"), and are collectively presented throughout this Annual Report on Form 10-K within "Other." See Note 20—Segment Information for additional information.

Note 2: Significant Accounting Policies

Regulation

The Company's regulated utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as Public Utility Commissions ("PUCs"). As such, the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's Consolidated Financial Statements. PUCs generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. Regulators may also approve accounting treatments, long-term financing programs and cost of capital, operation and maintenance ("O&M") expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers, acquisitions and dispositions, along with imposing certain penalties or granting certain incentives. Due to timing and other differences in the collection of a regulated utility's revenues, these authoritative accounting principles allow a cost that would otherwise be charged as an expense by a non-regulated entity, to be deferred as a regulatory asset if it is probable that such cost is recoverable through future rates. Conversely, these principles also require the creation of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future, or amounts collected in excess of costs incurred and are refundable to customers. See Note 3—Regulatory Matters for additional information.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires that management make estimates, assumptions and judgments that could affect the Company's financial condition, results of operations and cash flows. Actual results could differ from these estimates, assumptions and judgments. The Company considers its critical accounting estimates to include (i) the application of regulatory accounting principles and the related determination and estimation of regulatory assets and liabilities, (ii) revenue recognition and the estimates used in the calculation of unbilled revenue, (iii) accounting for income taxes, (iv) benefit plan assumptions and (v) the estimates and judgments used in determining loss contingencies. The Company's critical accounting estimates that are particularly sensitive to change in the near term are amounts reported for regulatory assets and liabilities, income taxes, benefit plan assumptions and contingency-related obligations.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of American Water and all of its subsidiaries in which a controlling interest is maintained after the elimination of intercompany balances and transactions.

Property, Plant and Equipment

Property, plant and equipment consists primarily of utility plant utilized by the Company's regulated utilities. Additions to utility plant and replacement of retirement units of utility plant are capitalized and include costs such as materials, direct labor, payroll taxes and benefits, indirect items such as engineering and supervision, transportation and an allowance for funds used during construction ("AFUDC"). Costs for repair, maintenance and minor replacements are charged to O&M expense as incurred.

The cost of utility plant is depreciated using the straight-line average remaining life, group method. The Company's regulated utilities record depreciation in conformity with amounts approved by PUCs, after regulatory review of the information the Company submits to support its estimates of the assets' remaining useful lives.

Nonutility property consists primarily of buildings and equipment utilized by the Military Services Group ("MSG") and for internal operations. This property is stated at cost, net of accumulated depreciation, which is calculated using the straight-line method over the useful lives of the assets.

When units of property, plant and equipment are replaced, retired or abandoned, the carrying value is credited against the asset and charged to accumulated depreciation. To the extent the Company recovers cost of removal or other retirement costs through rates after the retirement costs are incurred, a regulatory asset is recorded. In some cases, the Company recovers retirement costs through rates during the life of the associated asset and before the costs are incurred. These amounts result in a regulatory liability being reported based on the amounts previously recovered through customer rates, until the costs to retire those assets are incurred.

The costs incurred to acquire and internally develop computer software for internal use are capitalized as a unit of property. The carrying value of these costs, net of amortization, amounted to $435 million and $398 million as of December 31, 2025 and 2024, respectively.

Cash and Cash Equivalents, and Restricted Funds

Substantially all cash is invested in interest-bearing accounts. All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Restricted funds consist primarily of proceeds from financings for the construction and capital improvement of facilities, and deposits for future services under O&M projects, primarily performed by MSG. Proceeds are held in escrow or interest-bearing accounts until the designated expenditures are incurred. Restricted funds are classified on the Consolidated Balance Sheets as either current or long-term based upon the intended use of the funds.

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the years ended December 31:

	2025	2024
Cash and cash equivalents	$ 98	$ 96
Restricted funds	21	29
Restricted funds included in other long-term assets	20	15
Cash and cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 139	$ 140

Accounts Receivable and Unbilled Revenues

Accounts receivable include regulated utility customer accounts receivable, which represent amounts billed to water and wastewater customers generally on a monthly basis. Credit is extended based on the guidelines of the applicable PUCs and collateral is generally not required. Also included are the trade accounts receivable of other businesses, primarily MSG, and nonutility customer receivables of the Regulated Businesses. Unbilled revenues are accrued when service has been provided but has not been billed to customers and when costs exceed billings on certain construction contracts.

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding. See Note 7—Allowance for Uncollectible Accounts for additional information.

Materials and Supplies

Materials and supplies are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Seller Promissory Note

The Company's secured seller promissory note was accounted for under Accounting Standards Codification ("ASC") Topic 310, *Receivables*, and classified as held for investment and accounted for at amortized cost at the present value of consideration received for the sale of its Homeowner Services Group ("HOS") business. Interest income from the secured seller promissory note was accrued based on the principal amount outstanding and earned over the contractual life of the loan.

Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, accrued liabilities and operating lease liabilities on the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, accrued liabilities and other long-term liabilities on the Consolidated Balance Sheets. The Company has made an accounting policy election not to include operating leases with a lease term of twelve months or less.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are generally recognized at the commencement date based on the present value of discounted lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of discounted lease payments. The implicit rate is used when readily determinable. ROU assets also include any upfront lease payments and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease components (e.g., fixed payments including rent, real estate taxes and insurance costs) and non-lease components (e.g., common-area maintenance costs), which are generally accounted for separately; however, the Company accounts for the lease and non-lease components as a single lease component for certain leases. Certain lease agreements include variable rental payments adjusted periodically for inflation. Additionally, the Company applies a portfolio approach to effectively account for the ROU assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill represents the excess of the purchase price paid over the estimated fair value of the assets acquired and liabilities assumed in the acquisition of a business. Goodwill is not amortized and must be allocated at the reporting unit level, which is defined as an operating segment or one level below, and tested for impairment at least annually, or more frequently if an event occurs or circumstances change that would more likely than not, reduce the fair value of a reporting unit below its carrying value.

The Company's goodwill is primarily associated with the acquisition of American Water by an affiliate of the Company's previous owner in 2003 and has been allocated to reporting units based on the fair values at the date of the acquisitions. For purposes of testing goodwill for impairment, the reporting units in the Regulated Businesses segment are aggregated into a single reporting unit. The goodwill of Other is attributable to the MSG reporting unit.

The Company's annual impairment testing is performed as of November 30 of each year. The Company assesses qualitative factors to determine whether quantitative testing is necessary. If it is determined, based upon qualitative factors, that the estimated fair value of a reporting unit is, more likely than not, greater than its carrying value, no further testing is required. If the Company bypasses the qualitative assessment or performs the qualitative assessment and determines that the estimated fair value of a reporting unit, is more likely than not, less than its carrying value, a quantitative, fair value-based assessment is performed. This quantitative testing compares the estimated fair value of the reporting unit to its respective net carrying value, including goodwill, on the measurement date. An impairment loss will be recognized in the amount equal to the excess of the reporting unit's carrying value compared to its estimated fair value, limited to the total amount of goodwill allocated to that reporting unit.

Application of goodwill impairment testing requires management judgment, including the identification of reporting units and determining the fair value of reporting units. Management estimates fair value using a discounted cash flow analysis. Significant assumptions used in these fair value estimations include, but are not limited to, forecasts of future operating results, discount rate and growth rate.

The Company believes the assumptions and other considerations used to value goodwill to be appropriate, however, if actual experience differs from the assumptions and considerations used in its analysis, the resulting change could have a material adverse impact on the Consolidated Financial Statements. See Note 8 —Goodwill for additional information.

Impairment of Long-Lived Assets

Long-lived assets, other than goodwill, primarily include property, plant and equipment. The Company evaluates long-lived assets for impairment when circumstances indicate the carrying value of those assets may not be recoverable. The Company determines if long-lived assets are potentially impaired by comparing the undiscounted expected future cash flows to the carrying value when indicators of impairment exist. When the undiscounted cash flow analysis indicates a long-lived asset may not be recoverable, the amount of the impairment loss is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value.

The long-lived assets of the Company's regulated utilities are grouped on a separate entity basis for impairment testing, as they are integrated state-wide operations that do not have the option to curtail service and generally have uniform utility tariffs. A regulatory asset is charged to earnings if and when future recovery in rates of that asset is no longer probable.

The Company believes the assumptions and other considerations used to value long-lived assets to be appropriate, however, if actual experience differs from the assumptions and considerations used in its estimates, the resulting change could have a material adverse impact on the Consolidated Financial Statements.

Advances for Construction and Contributions in Aid of Construction

Regulated utility subsidiaries may receive advances for construction and contributions in aid of construction from customers, home builders and real estate developers to fund construction necessary to extend service to new areas.

Advances are refundable for limited periods of time as new customers begin to receive service or other contractual obligations are fulfilled. Included in other current liabilities as of December 31, 2025 and 2024, on the Consolidated Balance Sheets are estimated refunds of $25 million and $21 million, respectively. These amounts represent expected refunds during the next 12-month period.

Advances that are no longer refundable are reclassified to contributions in aid of construction. Contributions in aid of construction are permanent collections of plant assets or cash for a particular construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds.

Generally, the Company depreciates utility plant funded by contributions and amortizes its contributions in aid of construction balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. In accordance with applicable regulatory guidelines, some of the Company's utility subsidiaries do not amortize contributions in aid of construction, and any contribution received remains on the balance sheet indefinitely. Amortization of contributions in aid of construction was $50 million, $46 million and $40 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Revenue Recognition

Under ASC Topic 606, *Revenue From Contracts With Customers,* and all related amendments (collectively, "ASC 606"), a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under ASC 606, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether any performance obligations are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

Regulated Businesses Revenue

Revenue from the Company's Regulated Businesses is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and/or wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contracts and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer's actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

The Company recognizes revenues for certain ratemaking mechanisms that meet the criteria for alternative revenue program accounting. These mechanisms, which include the Company's revenue stability mechanisms, qualify as alternative revenue programs if they have been authorized for rate recovery, are objectively determinable and probable of recovery and are expected to be collected within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, the Company adjusts revenue and records an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. See Note 4—Revenue Recognition for disaggregated revenue information.

Other Revenue

The Company has long-term, fixed fee contracts to operate and maintain water and wastewater systems for the U.S. government on military installations and facilities owned by municipal customers. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the Company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. The Company has determined that these capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the losses first become probable and estimable. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues or other long-term assets, with billings in excess of revenues recorded as other current or long-term liabilities until the revenue recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues and are recognized in the period in which revisions are determined. See Note 4—Revenue Recognition for additional information.

Income Taxes

The Company and its subsidiaries participate in a consolidated federal income tax return for U.S. tax purposes. Members of the consolidated group are charged with the amount of federal income tax expense determined as if they filed separate returns.

Certain income and expense items are accounted for in different time periods for financial reporting than for income tax reporting purposes. The Company provides deferred income taxes on the difference between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements. These deferred income taxes are based on the enacted tax rates expected to be in effect when these temporary differences are projected to reverse. In addition, the regulated utility subsidiaries recognize regulatory assets and liabilities for the effect on revenues expected to be realized as the tax effects of temporary differences, previously flowed through to customers, reverse.

Investment tax credits have been deferred by the regulated utility subsidiaries and are being amortized to income over the average estimated service lives of the related assets.

The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense and accounts for sales tax collected from customers and remitted to taxing authorities on a net basis. See Note 14—Income Taxes for additional information.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant that represents the cost of borrowed funds or a return on equity funds devoted to plant under construction. The regulated utility subsidiaries record AFUDC to the extent permitted by the PUCs. The portion of AFUDC attributable to borrowed funds is shown as a reduction of interest expense in the Consolidated Statements of Operations. Any portion of AFUDC attributable to equity funds would be included in Other, net in the Consolidated Statements of Operations. Presented in the table below is AFUDC for the years ended December 31:

	2025	2024	2023
Allowance for other funds used during construction	$ 42	$ 38	$ 41
Allowance for borrowed funds used during construction	26	21	24

Derivative Financial Instruments

The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in interest rates. These derivative contracts are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The Company does not enter into derivative contracts for speculative purposes and does not use leveraged instruments.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into, the Company designates the derivative as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash-flow hedge).

The gains and losses on the effective portion of cash-flow hedges are recorded in other comprehensive income, until earnings are affected by the variability of cash flows. Any ineffective portion of designated cash-flow hedges is recognized in current-period earnings.

Cash flows from derivative contracts are included in net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11—Long-Term Debt for additional information.

Pension and Other Postretirement Benefits

The Company maintains defined benefit pension plans and other postretirement benefit plans for eligible employees and retirees. The plan obligation and costs of providing benefits under these plans are annually measured as of December 31. The measurement involves various factors, assumptions and accounting elections. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the Consolidated Statements of Operations and the Consolidated Statements of Comprehensive Income. Cumulative gains and losses that are in excess of 10% of the greater of either the projected benefit obligation or the fair value of plan assets are amortized over the expected average remaining future service period of the current active membership for the plans, with the exception of the American Water Pension Plan for Certain Inactive Participants, which is amortized over the average remaining life expectancy of the inactive participants. See Note 15—Employee Benefits for additional information.

The Company's policy is to recognize curtailments when the total expected future service of plan participants is reduced by greater than 10% due to an event that results in terminations and/or retirements.

New Accounting Standards

Presented in the table below are new accounting standards that were adopted by the Company in 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	January 1, 2025	Retrospective	The Company adopted the standard as of December 31, 2025, including a recast of 2024 and 2023 information, by including additional required disclosures within the Notes to the Consolidated Financial Statements. See Note 14—Income Taxes for further details.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of December 31, 2025, recently issued accounting standards not presented below were determined to be not applicable, or not material, to the Company:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting periods within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	Annual periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Government Grants Received by Business Entities	Introduces authoritative GAAP guidance for accounting and disclosure of government grants received by business entities, addressing the previous lack of specific guidance and reducing diversity in practice. The standard requires grants to be recognized when compliance with conditions is probable and receipt is likely, and allows presentation either as deferred income or as a reduction of related costs.	Annual periods beginning after December 15, 2028 and interim reporting periods within those annual reporting periods	Modified prospective, modified retrospective, or retrospective applications are permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Kentucky	December 16, 2025	$ 18
Hawaii	August 1, 2025	1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 250

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective on or after January 1, 2026. The amounts include reductions for the amortization of EADIT that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
California, Attrition Increase	January 1, 2026	$ 14
Total general rate case authorizations		$ 14

On December 16, 2025, the Kentucky Public Service Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 16, 2025, by the Company's Kentucky subsidiary. The final order approved an $18 million annualized increase in water system revenues, excluding infrastructure surcharges of $10 million, based on an authorized return on equity of 9.70%, authorized rate base of $667 million and a capital structure with a common equity component of 52.26% and a non-equity component of 47.74%. The final order also terminated the Kentucky subsidiary's Qualified Infrastructure Program ("QIP") rider and included the costs and investments of the QIP in approved base rates. The requested annualized revenue increase was driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. The new rates were effective as of December 16, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively. The new rates were effective May 28, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "SCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026. On November 10, 2025, the California subsidiary submitted a request to further delay by one-year its cost of capital filing and maintain the authorized cost of capital through 2027. On November 18, 2025, the CPUC granted the request for a one-year extension of the cost of capital filing to May 1, 2027, to set its authorized cost of capital beginning January 1, 2028.

On December 5, 2024, the Illinois Commerce Commission (the "ICC") issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the ICC to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. The requested annualized incremental revenue is driven primarily by more than $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the SCC to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by more than $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	November 29, 2025	$ 26
Pennsylvania	October 1, 2025	5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 69

Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective on or after January 1, 2026:

	Effective Date	Amount
Infrastructure surcharge filings by state:		
Pennsylvania	January 1, 2026	$ 11
Illinois	January 1, 2026	5
Total infrastructure surcharge filings		$ 16

Pending Infrastructure Surcharge Filings

On January 20, 2026, the Company's Indiana subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The PaPUC, as part of its July 22, 2024 approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Regulatory Assets

Regulatory assets represent costs that are probable of recovery from customers in future rates. Approximately 50% of the Company's total regulatory asset balance at December 31, 2025, earns a return. Presented in the table below is the composition of regulatory assets as of December 31:

	2025	2024
Removal costs recoverable through rates	$ 323	$ 356
Deferred pension expense	276	318
Customer lead line replacements	80	86
Unamortized debt expense	84	84
Regulatory balancing accounts	65	71
Programmed maintenance expense	60	57
Purchase premium recoverable through rates	49	50
Other	195	128
Total (non-current) regulatory assets	1,132	1,150
Current regulatory assets (a)	22	19
Total regulatory assets	$ 1,154	$ 1,169

(a) Current regulatory assets are included in other current assets on the Consolidated Balance Sheets.

Removal costs recoverable through rates represent costs incurred for removal of property, plant and equipment or other retirement costs.

The Company's deferred pension expense includes a portion of the underfunded status that is probable of recovery through rates in future periods of $261 million and $304 million as of December 31, 2025 and 2024, respectively. The remaining portion is the pension expense in excess of authorized amounts which is deferred by certain subsidiaries and probable of recovery in future service rates.

Customer lead line replacements are the costs incurred to replace customer owned lead service lines. Costs are recovered through a customer's surcharge or through base rates, depending on the jurisdiction.

Unamortized debt expense is amortized over the lives of the respective issues. Call premiums on the redemption of long-term debt, as well as unamortized debt issuance costs, are deferred and amortized to the extent they will be recovered through future service rates.

Regulatory balancing accounts accumulate differences between revenues recognized and authorized revenue requirements until they are collected from customers or are refunded. Regulatory balancing accounts include low income programs, purchased power and water accounts, dam removal costs and other cost balancing mechanisms.

Programmed maintenance expense are costs incurred to inspect or paint water tanks and are amortized on a straight line basis over a period determined by each state regulator.

Purchase premiums recoverable through rates are being recovered over periods up to 40 years.

Other regulatory assets include depreciation related costs, property tax stabilization, employee-related costs, business services project expenses, coastal water project costs, service enhancement costs, rate case expenditures and environmental remediation costs among others. These costs are deferred because the amounts are being recovered in rates or are probable of recovery through rates in future periods.

Regulatory Liabilities

Regulatory liabilities generally represent amounts that are probable of being credited or refunded to customers through the rate making process. Also, if costs expected to be incurred in the future are currently being recovered through rates, the Company records those expected future costs as regulatory liabilities. Presented in the table below is the composition of regulatory liabilities as of December 31:

	2025	2024
Income taxes recovered through rates	$ 959	$ 1,016
Removal costs recovered through rates	248	245
PFAS Multi-district litigation settlements	91	—
Postretirement benefit liability	43	71
Other	75	84
Total (non-current) regulatory liabilities	1,416	1,416
Current regulatory liabilities (a)	24	—
Total regulatory liabilities	$ 1,440	$ 1,416

(a) Current regulatory liabilities, which as of December 31, 2025, primarily consisted of PFAS Multi-district litigation settlements, are included in other current liabilities on the Consolidated Balance Sheets.

Income taxes recovered through rates relate to deferred taxes that will be refunded to the Company's customers. The enactment of the Tax Cuts and Jobs Act of 2017 required a re-measurement of the Company's deferred income taxes. The portion of this re-measurement related to the Regulated Businesses was substantially offset by a regulatory liability as EADIT which will be used to benefit its regulated customers in future rates. All of the Company's regulated subsidiaries are amortizing EADIT and crediting customers.

Removal costs recovered through rates are estimated costs to retire assets at the end of their expected useful lives that are recovered through customer rates over the lives of the associated assets.

PFAS Multi-district litigation settlements represent payments from litigation related to certain per- and polyfluoroalkyl substances (collectively, "PFAS") the Company has received that the Company intends to pass back to customers, subject to regulatory approval from the PUCs. See Note 16—Commitments and Contingencies for additional information.

Postretirement benefit liability includes a portion of the over-funded status that is probable of refund through rates in future periods. The remaining portion represents prior service credits resulting from announced plan amendments which changed benefits for certain union and non-union plan participants.

Other regulatory liabilities include the pension and other postretirement benefit balancing accounts, legal settlement proceeds, deferred gains, refunds to customers related to tax overpayments, and various regulatory balancing accounts.

Note 4: Revenue Recognition

Disaggregated Revenues

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,557	$ —	$ 2,557
Commercial	981	—	981
Fire service	189	—	189
Industrial	195	—	195
Public and other	311	—	311
Total water services	4,233	—	4,233
Wastewater services:			
Residential	287	—	287
Commercial	86	—	86
Industrial	10	—	10
Public and other	39	—	39
Total wastewater services	422	—	422
Miscellaneous utility charges	49	—	49
Alternative revenue programs	—	12	12
Lease contract revenue	—	7	7
Total Regulated Businesses	4,704	19	4,723
Other	417	—	417
Total operating revenues	$ 5,121	$ 19	$ 5,140

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,344	$ 5	$ 2,349
Commercial	881	4	885
Fire service	164	—	164
Industrial	182	2	184
Public and other	291	—	291
Total water services	3,862	11	3,873
Wastewater services:			
Residential	243	2	245
Commercial	70	—	70
Industrial	12	—	12
Public and other	36	—	36
Total wastewater services	361	2	363
Miscellaneous utility charges	42	—	42
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	4,265	31	4,296
Other	388	—	388
Total operating revenues	$ 4,653	$ 31	$ 4,684

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the year ended December 31, 2023:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 2,143	$ —	$ 2,143
Commercial	798	—	798
Fire service	158	—	158
Industrial	167	—	167
Public and other	274	—	274
Total water services	3,540	—	3,540
Wastewater services:			
Residential	228	—	228
Commercial	62	—	62
Industrial	8	—	8
Public and other	29	—	29
Total wastewater services	327	—	327
Miscellaneous utility charges	35	—	35
Alternative revenue programs	—	10	10
Lease contract revenue	—	8	8
Total Regulated Businesses	3,902	18	3,920
Other	315	(1)	314
Total operating revenues	$ 4,217	$ 17	$ 4,234

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In MSG, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $171 million, $84 million and $95 million are included in unbilled revenues on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract assets of $5 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract assets in other long-term assets on the Consolidated Balance Sheets as of December 31, 2023. There were $175 million of contract assets added during 2025, and $122 million of contract assets were transferred to accounts receivable during 2025. There were $114 million of contract assets added during 2024, and $86 million of contract assets were transferred to accounts receivable during 2024.

Contract liabilities of $19 million, $40 million and $63 million are included in other current liabilities on the Consolidated Balance Sheets as of December 31, 2025, 2024 and 2023, respectively. Also, contract liabilities of $19 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively, and there were no contract liabilities in other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2023. There were $88 million of contract liabilities added during 2025, and $104 million of contract liabilities were recognized as revenue during 2025. There were $83 million of contract liabilities added during 2024, and $92 million of contract liabilities were recognized as revenue during 2024.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of December 31, 2025, the Company's O&M and capital improvement contracts have RPOs. Contracts with the U.S. government for work on military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of December 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2031 and 2038 and have RPOs of $508 million as of December 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Mergers, Acquisitions and Divestitures

Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable public utility commissions on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the year ended December 31, 2025, $13 million of merger related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations.

Acquisitions - Regulated Businesses

During 2025, the Company closed on 18 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $83 million, of which $81 million was funded in 2025, and which acquisitions added approximately 20,900 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,381 shares of parent company common stock, net of an indemnity escrow claim, and the Company's acquisition of Appalachian Utilities Inc. effective October 27, 2025, for a total consideration of $4 million, in the form of 25,159 shares of parent company common stock. Assets acquired from all 2025 acquisitions, principally utility plant, totaled $107 million and liabilities assumed totaled $36 million, including assumed debt of $12 million. The Company recorded goodwill of $12 million associated with six of its acquisitions, which is reported in the Company's Regulated Businesses segment. Eight of these acquisitions were accounted for as business combinations. The preliminary purchase price allocations related to acquisitions accounted for as business combinations will be finalized once the valuation of assets acquired has been completed, no later than one year after their respective acquisition date.

During 2024, the Company closed on 13 acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $417 million, of which $415 million was funded in 2024, adding approximately 69,500 water and wastewater customers. Assets acquired from all 2024 acquisitions, principally utility plant, totaled $426 million and liabilities assumed totaled $10 million. The Company also recorded goodwill of $1 million. Seven of these acquisitions were accounted for as business combinations.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021, the Company sold all of the equity interests in subsidiaries that comprised HOS to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The consideration at closing was comprised of $480 million in cash, a secured seller note payable in cash and issued by the Buyer in the principal amount of $720 million, with an interest rate of 7.00% per year, and a contingent cash payment of $75 million payable upon satisfaction of certain conditions on or before December 31, 2023.

On February 2, 2024, this note was amended to increase the principal amount from $720 million to $795 million, in full satisfaction of the $75 million contingent cash payment payable under the HOS sale agreement. In addition, the interest rate payable on the secured seller note increased from 7.00% per year to 10.00% per year until maturity. As of December 31, 2025, this note was included as a current asset on the Consolidated Balance Sheets. The Company recognized $80 million, $77 million, and $50 million of interest income during the years ended December 31, 2025, 2024 and 2023, respectively, from this note. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note in full satisfaction of the Buyer's obligations thereunder.

Note 6: Property, Plant and Equipment

Presented in the table below are the major classes of property, plant and equipment by category as of December 31:

	2025	2024	Range of Remaining Useful Lives	Weighted Average Useful Life
Utility plant:				
Land and other non-depreciable assets	$ 317	$ 302		
Sources of supply	1,252	1,124	20 to 114 years	45 years
Treatment and pumping	5,093	4,786	2 to 119 years	40 years
Transmission and distribution	15,807	14,745	15 to 128 years	65 years
Services, meters and fire hydrants	7,046	6,356	2 to 109 years	28 years
General structures and equipment	3,116	2,813	2 to 109 years	16 years
Waste collection	2,124	1,986	5 to 145 years	52 years
Waste treatment, pumping and disposal	1,530	1,425	4 to 165 years	32 years
Construction work in progress	1,548	1,359		
Other plant	19	22	1 to 54 years	18 years
Total utility plant	37,852	34,918		
Nonutility property	103	141	3 to 50 years	16 years
Total property, plant and equipment	$ 37,955	$ 35,059		

Property, plant and equipment depreciation expense amounted to $776 million, $690 million and $617 million for the years ended December 31, 2025, 2024 and 2023, respectively, and was included in Depreciation and amortization expense in the Consolidated Statements of Operations. The provision for depreciation expressed as a percentage of the aggregate average depreciable asset balances was 2.82%, 2.73% and 2.68% for the years ended December 31, 2025, 2024 and 2023, respectively. Additionally, the Company had capital expenditures acquired on account but unpaid of $350 million and $347 million included in accrued liabilities on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

In connection with the Company's capital investment in its corporate headquarters in Camden, New Jersey, the New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits over a 10-year period commencing in 2019.

The Company is required to meet various annual requirements, including the maintenance of qualified full-time positions at the qualified business facility, in order to monetize one-tenth of the tax credits annually and is subject to a claw-back period if the Company does not meet certain NJEDA requirements of the tax credit program in years 11 through 15.

In October 2025, the NJEDA issued to the Company the utilization certificate for the 2023 tax credits in the amount of $15 million. In December and January 2024, the NJEDA issued to the Company the utilization certificates for the 2022 and 2021 tax credits in the amount of $15 million and $16 million, respectively. For the years ended December 31, 2025, 2024 and 2023, the Company recorded losses of $1 million, $2 million and $1 million, respectively, to Other income (expense) in the Consolidated Statements of Operations from the sale of tax credits to an external party. As of December 31, 2025, the Company had current assets of $15 million included in Other and $64 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2024 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2024, and expects to make the 2025 filing in April 2026, prior to the required filing deadline. The submitted filing is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026.

Note 7: Allowance for Uncollectible Accounts

Presented in the table below are the changes in the allowances for uncollectible accounts for the years ended December 31:

	2025	2024	2023
Balance as of January 1	$ (53)	$ (51)	$ (60)
Amounts charged to expense	(48)	(31)	(24)
Amounts written off	43	29	33
Balance as of December 31	$ (58)	$ (53)	$ (51)

Note 8: Goodwill

Goodwill

Presented in the table below are the changes in the carrying value of goodwill for the years ended December 31, 2025 and 2024:

	Regulated Businesses		Other		Consolidated		
	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Cost	Accumulated Impairment	Total Net
Balance as of January 1, 2024	$ 3,470	$ (2,332)	$ 113	$ (108)	$ 3,583	$ (2,440)	$ 1,143
Goodwill from acquisitions	1	—	—	—	1	—	1
Balance as of December 31, 2024	$ 3,471	$ (2,332)	$ 113	$ (108)	$ 3,584	$ (2,440)	$ 1,144
Goodwill from acquisitions	12	—	—	—	12	—	12
Balance as of December 31, 2025	$ 3,483	$ (2,332)	$ 113	$ (108)	$ 3,596	$ (2,440)	$ 1,156

The Company completed its annual impairment testing of goodwill as of November 30, 2025, which included qualitative assessments of its Regulated Businesses and MSG reporting units. Based on these assessments, the Company determined that there were no factors present that would indicate that the fair value of these reporting units was less than their respective carrying values as of November 30, 2025.

In 2025, the Company acquired goodwill of $12 million associated with six of its acquisitions in the Regulated Businesses segment. In 2024, the Company acquired goodwill of $1 million associated with one of its acquisitions in the Regulated Businesses segment.

Note 9: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of December 31, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Dividend Reinvestment and Direct Stock Purchase Plan

Under the Company's dividend reinvestment and direct stock purchase plan (the "DRIP"), shareholders may reinvest cash common stock dividends and purchase additional shares of Company common stock, up to certain limits, through the plan administrator without paying brokerage commissions. Shares purchased by participants through the DRIP may be newly issued shares, treasury shares, or at the Company's election, shares purchased by the plan administrator in the open market or in privately negotiated transactions. Purchases generally will be made and credited to DRIP accounts once each week. As of December 31, 2025, there were approximately 4.1 million shares available for future issuance under the DRIP.

Anti-dilutive Stock Repurchase Program

In February 2015, the Company's Board of Directors authorized an anti-dilutive stock repurchase program, which allows the Company to purchase up to 10 million shares of its outstanding common stock from time to time over an unrestricted period of time. The Company did not repurchase shares of common stock during the years ended December 31, 2025, 2024 or 2023. As of December 31, 2025, there were 5.1 million shares of common stock available for purchase under the program.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the years ended December 31, 2025, 2024 and 2023:

	Defined Benefit Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedge	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Beginning balance as of January 1, 2023	$ (93)	$ 1	$ 70	$ (1)	$ —	$ (23)
Other comprehensive (loss) income before reclassification	(3)	—	—	(8)	4	(7)
Amounts reclassified from accumulated other comprehensive income	—	—	4	—	—	4
Net other comprehensive (loss) income	(3)	—	4	(8)	4	(3)
Ending balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassification	1	—	—	39	(2)	38
Net other comprehensive income (loss)	1	—	—	39	(2)	38
Ending balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassification	—	—	—	(4)	1	(3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(4)	(3)	(6)
Ending balance as of December 31, 2025	$ (95)	$ 1	$ 75	$ 26	$ (1)	$ 6

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive loss directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 15—Employee Benefits for additional information.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends and Distributions

The Company's Board of Directors authorizes the payment of dividends. The Company's ability to pay dividends on its common stock is subject to having access to sufficient sources of liquidity, net income and cash flows of the Company's subsidiaries, the receipt of dividends and direct and indirect distributions from, and repayments of indebtedness of, the Company's subsidiaries, compliance with Delaware corporate and other laws, compliance with the contractual provisions of debt and other agreements and other factors.

The Company's dividend rate on its common stock is determined by the Board of Directors on a quarterly basis and takes into consideration, among other factors, current and possible future developments that may affect the Company's income and cash flows. When dividends on common stock are declared, they are typically paid in March, June, September and December. Historically, dividends have been paid quarterly to holders of record as of a date less than 30 days prior to the distribution date. Since the dividends on the Company's common stock are not cumulative, only declared dividends are paid.

During 2025, 2024 and 2023, the Company paid $633 million, $585 million and $532 million in cash dividends, respectively. Presented in the table below is the per share cash dividends paid for the years ended December 31:

	2025	2024	2023
December	$ 0.8275	$ 0.7650	$ 0.7075
September	$ 0.8275	$ 0.7650	$ 0.7075
June	$ 0.8275	$ 0.7650	$ 0.7075
March	$ 0.7650	$ 0.7075	$ 0.6550

On December 5, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share payable on March 3, 2026, to shareholders of record as of February 10, 2026.

Under applicable law, the Company's subsidiaries may pay dividends on their capital stock or other equity only from retained, undistributed or current earnings. A significant loss recorded at a subsidiary may limit the amount of the dividend that the subsidiary can pay. The ability of the Company's subsidiaries to pay upstream dividends, make other upstream distributions or repay indebtedness to parent company or AWCC, as applicable, is subject to compliance with applicable corporate, tax and other laws, regulatory restrictions and financial and other contractual obligations, including, for example, (i) regulatory capital, surplus or net worth requirements, (ii) outstanding debt service obligations, (iii) requirements to make preferred and preference stock dividend payments, and (iv) other contractual agreements, covenants or obligations made or entered into by the Company and its subsidiaries.

Regulatory Restrictions on Indebtedness

The issuance of long-term debt or equity securities by the Company or long-term debt by AWCC does not require authorization of any state PUC if no guarantee or pledge of the regulated subsidiaries is utilized. Based on the needs of the Regulated Businesses and parent company, AWCC may borrow funds or issue its debt in the capital markets and then, through intercompany loans, provide these borrowings to the Regulated Businesses or parent company. PUC authorization is generally required for the regulated subsidiaries to incur long-term debt. The Company's regulated subsidiaries normally obtain these required PUC authorizations on a periodic basis to cover their anticipated financing needs for a period of time, or, as necessary, in connection with a specific financing or refinancing of debt.

Note 10: Stock Based Compensation

The Company has granted stock units, stock awards and dividend equivalents to non-employee directors, officers and employees pursuant to the terms of the 2017 Omnibus Equity Compensation Plan (the "2017 Omnibus Plan"), approved by the Company's shareholders in May 2017. Stock units under the 2017 Omnibus Plan generally vest based on (i) continued employment with the Company ("RSUs"), or (ii) continued employment with the Company where distribution of the shares is subject to the satisfaction in whole or in part of stated performance-based goals ("PSUs"). A total of 7.2 million shares of common stock may be issued under the 2017 Omnibus Plan. As of December 31, 2025, 5.7 million shares were available for grant under the 2017 Omnibus Plan. The 2017 Omnibus Plan provides that grants of awards may be in any of the following forms: incentive stock options, nonqualified stock options, stock appreciation rights, stock units, stock awards, other stock-based awards and dividend equivalents. Dividend equivalents may be granted only on stock units or other stock-based awards. The 2017 Omnibus Plan expires in 2027.

The Company had granted stock options, stock units, including RSUs and PSUs, and dividend equivalents to non-employee directors, officers and other key employees of the Company under its 2007 Omnibus Equity Compensation Plan (the "2007 Plan"). The 2007 Plan has been replaced by the 2017 Omnibus Plan, as defined above, and no additional awards may be granted under the 2007 Plan. However, shares may still be issued under the 2007 Plan pursuant to the terms of awards previously issued under that plan prior to May 12, 2017.

The cost of services received from employees in exchange for the issuance of restricted stock awards is measured based on the grant date fair value of the awards issued. The value of stock unit awards at the date of the grant is amortized through expense over the requisite service period. All awards granted in 2025, 2024 and 2023 are classified as equity. The Company recognizes compensation expense for stock awards over the vesting period of the award. The Company stratified its grant populations and used historic employee turnover rates to estimate employee forfeitures. The estimated rate is compared to the actual forfeitures at the end of the reporting period and adjusted as necessary. There have been no significant adjustments to the forfeiture rates during 2025, 2024 and 2023. There were no grants of stock options to employees after 2016, and there were no stock options outstanding as of December 31, 2022. Presented in the table below is the stock-based compensation expense recorded in O&M expense in the accompanying Consolidated Statements of Operations for the years ended December 31:

	2025	2024	2023
RSUs and PSUs	$ 30	$ 34	$ 23
Nonqualified employee stock purchase plan	2	2	2
Stock-based compensation	32	36	25
Income tax benefit	(7)	(8)	(6)
Stock-based compensation expense, net of tax	$ 25	$ 28	$ 19

There were no significant stock-based compensation costs capitalized during the years ended December 31, 2025, 2024 and 2023.

Subject to limitations on deductibility imposed by the Internal Revenue Code of 1986, as amended, the Company receives a tax deduction based on the intrinsic value of the award at the exercise date for stock options and the distribution date for stock units. For each award, throughout the requisite service period, the Company records the tax impacts related to compensation costs as deferred income tax assets. The tax deductions in excess of the deferred benefits recorded throughout the requisite service period are recorded to the Consolidated Statements of Operations and are presented in the financing section of the Consolidated Statements of Cash Flows.

Stock Units

During 2025, 2024 and 2023, the Company granted RSUs to certain employees under the 2017 Omnibus Plan. RSUs generally vest based on continued employment with the Company over periods ranging from one to three years. The RSUs are valued at the closing price of the Company's common stock on the date of the grant and the majority vest ratably over a three-year service period. These RSUs are amortized through expense over the requisite service period using the straight-line method.

During 2025, 2024 and 2023, the Company granted stock units to non-employee directors under the 2017 Omnibus Plan. The stock units were vested in full on the date of grant. Prior to 2024, distribution of the shares was made within 30 days of the earlier of (i) 15 months after the date of the last annual meeting of shareholders, subject to any deferral election by the director, or (ii) the participant's separation from service. Shares of common stock are currently distributed within 30 days after the date of grant. Because these stock units vested on the grant date, the total grant date fair value was recorded in operation and maintenance expense on the grant date.

The grant date fair value of RSUs granted to certain employees and stock units granted to non-employee directors totaled $12 million, $10 million and $9 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Presented in the table below is RSU and director stock unit activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	75	$ 131.20
Granted	95	129.42
Vested	(60)	133.39
Forfeited	(11)	127.01
Non-vested total as of December 31, 2025	99	$ 128.63

As of December 31, 2025, $6 million of total unrecognized compensation cost related to the non-vested RSUs is expected to be recognized over the weighted average remaining life of 1.62 years. The total fair value of stock units and RSUs vested was $8 million, $9 million and $6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

During 2025, 2024 and 2023, the Company granted PSUs to certain employees under the 2017 Omnibus Plan with grant date fair values totaling $27 million, $23 million and $28 million, respectively. The majority of PSUs vest ratably based on continued employment with the Company over the three-year performance period (the "Performance Period"). Distribution of the performance shares is contingent upon the achievement of one or more internal performance measures and, separately, a relative total shareholder return performance measure, over the Performance Period.

Presented in the table below is PSU activity for the year ended December 31, 2025:

	Shares (in thousands)	Weighted Average Grant Date Fair Value (per share)
Non-vested total as of December 31, 2024	322	$ 130.04
Granted	211	128.59
Vested	(74)	147.45
Forfeited	(81)	106.41
Non-vested total as of December 31, 2025	378	$ 130.93

As of December 31, 2025, $8 million of total unrecognized compensation cost related to the non-vested PSUs is expected to be recognized over the weighted average remaining life of 0.85 years. The total fair value of PSUs vested was $26 million, $23 million and $31 million for the years ended December 31, 2025, 2024 and 2023, respectively.

PSUs granted with one or more internal performance measures are valued at the market value of the closing price of the Company's common stock on the date of grant. PSUs granted with a relative total shareholder return condition are valued, for accounting purposes, using a Monte Carlo simulation model. Expected volatility is based on historical volatilities of traded common stock of the Company and comparative companies using daily stock prices over the past three years. The expected term is three years and the risk-free interest rate is based on the three-year U.S. Treasury rate in effect as of the measurement date. Presented in the table below are the weighted average assumptions used in the Monte Carlo simulation and the weighted average grant date fair values of PSUs granted for the years ended December 31:

	2025	2024	2023
Expected volatility	23.25%	22.98%	25.45%
Risk-free interest rate	4.27%	4.39%	4.31%
Expected life (years)	3.0	3.0	3.0
Grant date fair value per share	$118.29	$118.95	$168.00

The grant date fair value of PSUs that vest ratably and have market and/or performance conditions are amortized through expense over the requisite service period using the graded-vesting method.

Employee Stock Purchase Plan

The Company maintains a nonqualified employee stock purchase plan (the "ESPP") that expires in 2027 through which employee participants (which excludes certain of the Company's executives) may use payroll deductions to acquire Company common stock at a purchase price of 85% of the fair market value of the common stock at the end of a three-month purchase period. A total of 2.0 million shares may be issued under the ESPP, and as of December 31, 2025, there were 1.3 million shares of common stock reserved for issuance under the ESPP. The ESPP is considered compensatory. During the years ended December 31, 2025, 2024 and 2023, the Company issued approximately 84,000, 90,000 and 87,000 shares, respectively, under the ESPP.

Note 11: Long-Term Debt

The Company obtains long-term debt through AWCC primarily to fund capital expenditures of the Regulated Businesses, to repay or refinance existing long-term and short-term debt, and to lend funds to parent company to refinance debt and for other purposes. Presented in the table below are the components of long-term debt as of December 31:

	Rate	Weighted Average Rate	Maturity	2025	2024
Long-term debt of AWCC: (a)					
Senior notes—fixed rate	2.30%-8.27%	4.24%	2026-2055	$ 12,961	$ 11,786
Private activity bonds and government funded debt—fixed rate	0.00%-3.88%	3.07%	2028-2045	187	187
Long-term debt of other American Water subsidiaries:					
Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	2.41%	2026-2061	717	761
Mortgage bonds—fixed rate	6.35%-9.19%	7.37%	2026-2039	435	456
Mandatorily redeemable preferred stock	8.47%-9.75%	8.64%	2036	3	3
Long-term debt		4.23%		14,303	13,193
Unamortized debt discount, net (b)				(27)	(20)
Unamortized debt issuance costs				(17)	(15)
Less current portion of long-term debt				(1,479)	(637)
Total long-term debt				$ 12,780	$ 12,521

(a) This indebtedness is considered "debt" for purposes of a support agreement between parent company and AWCC, which serves as a functional equivalent of a full and unconditional guarantee by parent company of AWCC's payment obligations under such indebtedness.

(b) Includes debt discount, net of fair value adjustments previously recognized in acquisition purchase accounting.

All mortgage bonds and $709 million of the private activity bonds and government funded debt held by the Company's subsidiaries were collateralized as of December 31, 2025.

Long-term debt agreements contain a number of covenants that, among other things, limit, subject to certain exceptions, AWCC from issuing debt secured by the Company's consolidated assets. Certain long-term note covenants require the Company to maintain a ratio of consolidated total indebtedness to consolidated total capitalization (each as defined in the relevant documents) of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00. In addition, the Company has $773 million of notes which include the right to redeem the notes at par value, in whole or in part, from time to time, subject to certain restrictions, with a weighted average interest rate of 2.61%.

Presented in the table below are future sinking fund payments and debt maturities:

	Amount
2026	$ 1,479
2027	646
2028	869
2029	938
2030	517
Thereafter	9,854

Presented in the table below are the issuances of long-term debt in 2025:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	5.25%	5.25%	2035	$ 800
AWCC	Senior notes—fixed rate	5.70%	5.70%	2055	900
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-3.71%	2.30%	2028-2057	89
Total issuances					$ 1,789

The Company incurred debt issuance costs of $17 million related to the above issuances.

Presented in the table below are the retirements and redemptions of long-term debt in 2025 through sinking fund provisions, optional redemption, payment at maturity or settlement:

Company	Type	Rate	Weighted Average Rate	Maturity	Amount
AWCC	Senior notes—fixed rate	3.40%	3.40%	2025	$ 525
Other American Water subsidiaries	Private activity bonds and government funded debt—fixed rate	0.00%-5.00%	0.37%	2025-2061	145
Other American Water subsidiaries	Mortgage bonds—fixed rate	8.15%-8.58%	8.23%	2025	21
Total retirements and redemptions					$ 691

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

One of the principal market risks to which the Company is exposed is changes in interest rates. In order to manage the exposure, the Company follows risk management policies and procedures, including the use of derivative contracts such as treasury lock agreements. The Company also reduces exposure to interest rates by managing commercial paper and debt maturities. The Company (through AWCC) does not enter into derivative contracts for speculative purposes and does not use leveraged instruments. The derivative contracts entered into are for periods consistent with the related underlying exposures. The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. The Company minimizes the counterparty credit risk on these transactions by dealing only with leading, creditworthy financial institutions, having long-term credit ratings of "A-" or better.

As of December 31, 2025, the Company had entered into six treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $200 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.47%. In February 2026, the Company entered into four treasury lock agreements, with a term of 10 years or 30 years and an aggregate notional amount totaling $150 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.62%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In May 2025 and August 2025, the Company terminated a total of 11 treasury lock agreements, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $450 million, realizing a pre-tax net gain of $13 million, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the years ended December 31, 2025, 2024 or 2023.

Note 12: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity, and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Letters of credit are non-debt instruments maintained to provide credit support for certain transactions as requested by third parties. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million. The Company regularly evaluates the capital markets and closely monitors the financial condition of the financial institutions with contractual commitments in its revolving credit facility. Interest rates on advances under the facility are based on a credit spread to the Secured Overnight Financing Rate (or applicable market replacement rate) or base rate, each determined in accordance with Moody's Ratings and S&P Global Ratings' then applicable credit rating on AWCC's senior unsecured, non-credit enhanced debt.

Short-term debt consists of commercial paper borrowings totaling $1,590 million and $880 million as of December 31, 2025 and 2024, respectively, or net of discount $1,588 million and $879 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each, as of December 31:

	2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

	2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of December 31, 2025 and 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Presented in the table below is the short-term borrowing activity for AWCC for the years ended December 31:

	2025	2024
Average borrowings	$ 1,170	$ 161
Maximum borrowings outstanding	$ 1,595	$ 880
Weighted average interest rates, as of December 31	3.89 %	4.65 %

The credit facility requires the Company to maintain a ratio of consolidated debt to consolidated capitalization of not more than 0.70 to 1.00. The ratio as of December 31, 2025, was 0.59 to 1.00.

The Company does not have any material borrowings that are subject to default or prepayment as a result of a downgrading of securities, although such a downgrading could increase fees and interest charges under AWCC's revolving credit facility.

Note 13: General Taxes

Presented in the table below are the components of general tax expense for the years ended December 31:

	2025	2024	2023
Gross receipts and franchise	$ 151	$ 140	$ 134
Property and capital stock	134	125	119
Payroll	43	41	38
Other general	20	14	16
Total general taxes	$ 348	$ 320	$ 307

Note 14: Income Taxes

Presented in the table below are the components of income tax expense for the years ended December 31:

	2025	2024	2023
Current income taxes:			
State	$ 25	$ 16	$ 16
Federal	151	136	28
Total current income taxes	$ 176	$ 152	$ 44
Deferred income taxes:			
State	$ 36	$ 53	$ 44
Federal	100	104	165
Amortization of deferred investment tax credits	(1)	(1)	(1)
Total deferred income taxes	135	156	208
Provision for income taxes	$ 311	$ 308	$ 252

Presented in the table below is a reconciliation between the statutory federal tax rate and the Company's effective tax rate for the years ended December 31:

	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
U.S. federal statutory tax rate	$ 299	21.0 %	$ 285	21.0 %	$ 251	21.0 %
State and local income taxes, net of federal income tax effect (a)	48	3.4 %	54	4.0 %	48	4.0 %
Nontaxable or nondeductible items	5	0.4 %	5	0.3 %	4	0.3 %
Change in unrecognized tax benefits	(8)	(0.6)%	2	0.2 %	3	0.2 %
Other adjustments:						
Excess accumulated deferred income taxes	(39)	(2.8)%	(37)	(2.7)%	(51)	(4.2)%
Other	6	0.5 %	(1)	(0.1)%	(3)	(0.2)%
Effective tax rate	$ 311	21.9 %	$ 308	22.7 %	$ 252	21.1 %

(a) The states that made up the majority (greater than 50 percent) of the tax effect in this category were: (i) for 2025, Pennsylvania and Illinois, (ii) for 2024, Pennsylvania and California, and (iii) for 2023, Pennsylvania and Illinois.

Presented in the table below is the disaggregation of income taxes paid (refunds received), net of refunds received of $29 million, $5 million and $30 million in 2025, 2024 and 2023, respectively, for the years ended December 31:

	2025	2024	2023
Federal	$ 185	$ —	$ 12
State	5	(5)	(12)
Total	$ 190	$ (5)	$ —

Income taxes paid (net of refunds received) exceeded 5% of total income taxes paid (net of refunds received) in the following states for the years ended December 31:

	2025	2024	2023
State:			
Iowa	*	$ (1)	*
Kentucky	*	$ (2)	*
Massachusetts	*	*	$ (2)
New Jersey	*	*	$ (23)
Pennsylvania	*	$ (1)	$ 13
Tennessee	*	*	$ 1

(*) Jurisdiction below the threshold for the period presented.

Presented in the table below are the components of the net deferred tax liability as of December 31:

	2025	2024
Deferred tax assets:		
Advances and contributions	$ 519	$ 493
Tax losses and credits	215	128
Regulatory income tax assets	161	181
Pension and other postretirement benefits	31	64
Other	166	163
Total deferred tax assets	1,092	1,029
Valuation allowance	(9)	(8)
Total deferred tax assets, net of allowance	$ 1,083	$ 1,021
Deferred tax liabilities:		
Property, plant and equipment	$ 4,021	$ 3,553
Deferred pension and other postretirement benefits	75	86
Other	157	244
Total deferred tax liabilities	4,253	3,883
Total deferred tax liabilities, net of deferred tax assets	$ (3,170)	$ (2,862)

As of December 31, 2025 and 2024, the Company had state net operating loss (“NOL”) carryforwards of $246 million and $251 million, respectively, a portion of which are offset by a valuation allowance as the Company does not believe these NOLs are more likely than not to be realized. The state NOL carryforwards generally expire in 2026 through 2045, however, certain states have adopted the federal provisions allowing for an unlimited carryforward period.

On July 4, 2025, the One Big Beautiful Bill Act (the “OBBB”) was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company’s Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

The Inflation Reduction Act of 2022 (the “IRA”) contains a 15% Corporate Alternative Minimum Tax (“CAMT”) provision on applicable corporations. To determine if a company is considered an applicable corporation subject to CAMT, the company’s average adjusted financial statement income (“AFSI”) for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of December 31, 2025 and 2024, the Company had CAMT credit carryforwards of $200 million and $111 million, respectively. The deferred tax asset related to the CAMT credit carryforward will be realized to the extent the Company's deferred tax liabilities exceed the CAMT credit carryforward. The Company's deferred tax liabilities are expected to exceed the minimum tax credit carryforward for the foreseeable future, and therefore, no valuation allowance is required.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

The Company files income tax returns in the United States federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local or non-U.S. income tax examinations by tax authorities for taxable years ended December 31, 2020 and prior.

Presented in the table below are the changes in gross liability, excluding interest and penalties, for unrecognized tax benefits:

	Amount
Balance as of January 1, 2023	$ 158
Increases in current period tax positions	27
Decreases in prior period measurement of tax positions	(37)
Balance as of December 31, 2023	$ 148
Increases in current period tax positions	34
Increases in prior period measurement of tax positions	21
Balance as of December 31, 2024	$ 203
Increases in current period tax positions	31
Decreases in prior period measurement of tax positions	(118)
Balance as of December 31, 2025	$ 116

If the Company sustains all of its positions as of December 31, 2025, excluding interest and penalties, there would be no impact on the Company's effective tax rate. The Company had an immaterial amount of interest and penalties related to its tax positions as of December 31, 2025 and 2024.

Presented in the table below are the changes in the valuation allowance:

	Amount
Balance as of January 1, 2023	$ 11
Increases in valuation allowance	—
Balance as of December 31, 2023	$ 11
Decreases in valuation allowance	(3)
Balance as of December 31, 2024	$ 8
Increases in valuation allowance	1
Balance as of December 31, 2025	$ 9

Note 15: Employee Benefits

Overview of Pension and Other Postretirement Benefits Plans

The Company maintains noncontributory defined benefit pension plans covering eligible employees of its regulated utility and shared services operations. Benefits under the plans are based on the employee's years of service and compensation. The pension plans have been closed for all new employees. The pension plans were closed for most employees hired on or after January 1, 2006. Union employees hired on or after January 1, 2001, except for specific eligible groups specified in the plan, had their accrued benefit frozen and will be able to receive this benefit as a lump sum upon termination or retirement. Union employees hired on or after January 1, 2001, and non-union employees hired on or after January 1, 2006, are provided with a defined contribution plan that includes a 5.25% of base pay Company-funded defined contribution account. The Company does not participate in a multi-employer plan. The Company also has unfunded noncontributory supplemental nonqualified pension plans that provide additional retirement benefits to certain employees.

The Company's pension funding practice is to contribute at least the greater of the minimum amount required by the Employee Retirement Income Security Act of 1974 or the normal cost. Further, the Company will consider additional cash contributions and/or available prefunding balances if needed to avoid "at risk" status and benefit restrictions under the Pension Protection Act of 2006 ("PPA"). The Company may also consider increased contributions, based on other financial requirements and the plans' funded position. Pension expense in excess of the amount contributed to the pension plans is deferred by certain regulated subsidiaries pending future recovery in rates charged for utility services as contributions are made to the plans. See Note 3—Regulatory Matters for additional information. Pension plan assets are invested in a number of actively managed, commingled funds, and limited partnerships including equities, fixed income securities, guaranteed annuity contracts with insurance companies, real estate funds and real estate investment trusts ("REITs").

The Company maintains other postretirement benefit plans providing varying levels of medical and life insurance to eligible retirees. The retiree welfare plans are closed for union employees hired on or after January 1, 2006. The plans had previously closed for non-union employees hired on or after January 1, 2002. The Company's policy is to fund other postretirement benefit costs up to the amount recoverable through rates. Assets of the plans are invested in a number of actively managed funds in the form of separate accounts, commingled funds and limited partnerships, including equities and fixed income securities.

The Company engages third-party investment managers for all invested assets. Managers are not permitted to invest outside of the asset class (e.g., fixed income, equity, alternatives) or strategy for which they have been appointed. Investment management agreements and recurring performance and attribution analysis are used as tools to ensure investment managers invest solely within the investment strategy they have been provided. Futures and options may be used to adjust portfolio duration to align with a plan's targeted investment policy.

In order to minimize asset volatility relative to the liabilities, a portion of plan assets is allocated to long duration fixed income investments that are exposed to interest rate risk. Increases in interest rates generally will result in a decline in the value of fixed income assets while reducing the present value of the liabilities. Conversely, rate decreases will increase fixed income assets, partially offsetting the related increase in the liabilities. Within equities, risk is mitigated by constructing a portfolio that is broadly diversified by geography, market capitalization, manager mandate size, investment style and process. For the Bargained Retiree Voluntary Employees' Beneficiary Association ("Bargained VEBA") trust, its asset structure is designed to meet the cash flows of the liabilities. This design reduces the plan's exposure to changes in interest rates.

Actual allocations to each asset class vary from target allocations due to periodic investment strategy updates, market value fluctuations, the length of time it takes to fully implement investment allocations, and the timing of benefit payments and contributions. The asset allocation is rebalanced on a quarterly basis, if necessary.

Pension Plan Assets

The investment policy guideline of the pension plan is focused on diversification, improving returns and reducing the volatility of the funded status over a long-term horizon. None of the Company's securities are included in pension plan assets.

The Company uses fair value for all classes of assets in the calculation of market-related value of plan assets. As of December 31, 2025, the fair values and asset allocations of the pension plan assets include the American Water Pension Plan and the American Water Pension Plan for Certain Inactive Participants.

Presented in the tables below are the fair values and asset allocations of the pension plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Cash	$ 23	$ 23	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	158	40	—	—	118	11 %
U.S. small cap	32	32	—	—	—	2 %
International	299	—	—	—	299	21 %
Real estate fund	122	—	—	—	122	9 %
REITs	7	—	—	—	7	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	257	194	13	—	50	19 %
Corporate bonds	459	—	459	—	—	33 %
Mortgage-backed securities	5	—	5	—	—	— %
Municipal bonds	18	—	18	—	—	1 %
Guarantee annuity contracts	31	—	—	31	—	2 %
Total	$ 1,411	$ 289	$ 495	$ 31	$ 596	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3) (a)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Cash	$ 40	$ 40	$ —	$ —	$ —	3 %
Equity securities:						
U.S. large cap	155	29	—	—	126	11 %
U.S. small cap	34	34	—	—	—	2 %
International	258	—	—	—	258	19 %
Real estate fund	120	—	—	—	120	9 %
REITs	6	—	—	—	6	— %
Fixed income securities:						
U.S. Treasury securities and government bonds	232	169	1	—	62	17 %
Corporate bonds	489	—	489	—	—	35 %
Mortgage-backed securities	6	—	6	—	—	— %
Municipal bonds	20	—	20	—	—	2 %
Guarantee annuity contracts	32	—	—	32	—	2 %
Total	$ 1,392	$ 272	$ 516	$ 32	$ 572	100 %

(a) There were no material changes during the period for the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2025 and 2024, respectively.

The Company’s 2026 target pension plan asset allocation is 38% equity securities and 62% fixed income securities. The Company’s 2025 target pension plan asset allocation was 37% equity securities and 63% fixed income securities.

Other Postretirement Benefit Plan Assets

The investment policy guidelines of the postretirement plans focus on the appropriate strategy given the funded status of the plans. None of the Company's securities are included in other postretirement benefit plan assets. The Company's postretirement benefit plans have different levels of funded status and the assets are held under various trusts. The investments and risk mitigation strategies for the plans are tailored specifically for each trust. In setting new strategic asset mixes, consideration is given to the likelihood that the selected asset allocation will effectively fund the projected plan liabilities and meet the risk tolerance criteria of the Company. The Company periodically updates the long-term, strategic asset allocations for these plans through asset liability studies and uses various analytics to determine the optimal asset allocation. Considerations include plan liability characteristics, liquidity needs, funding requirements, expected rates of return and the distribution of returns. The American Water Retiree Welfare Plan ("Retiree Welfare Plan") is funded by the Bargained VEBA trust, the Non-Bargained Retiree Voluntary Employees' Beneficiary Association ("Non-Bargained VEBA") trust, the Voluntary Employees' Beneficiary Association ("Active VEBA") trust, and the American Water Life Insurance Voluntary Employees' Beneficiary Association Trust.

Presented in the tables below are the fair values and asset allocations of the postretirement benefit plan assets as of December 31, 2025 and 2024, respectively, by asset category:

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2025
Bargained VEBA:						
Cash	$ 5	$ 5	$ —	$ —	$ —	5 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	85	—	85	—	—	85 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 100	$ 12	$ 88	$ —	$ —	100 %
Active VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	12 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	8 %
Corporate bonds	19	—	19	—	—	76 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 25	$ 5	$ 20	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	35 %
International	31	31	—	—	—	24 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	50	—	50	—	—	38 %
Total non-bargained VEBA	$ 131	$ 81	$ 50	$ —	$ —	100 %
Total	$ 256	$ 98	$ 158	$ —	$ —	100 %

Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value as a Practical Expedient	Percentage of Plan Assets as of December 31, 2024
Bargained VEBA:						
Cash	$ 4	$ 4	$ —	$ —	$ —	4 %
Fixed income securities:						
U.S. Treasury securities and government bonds	7	7	—	—	—	7 %
Corporate bonds	83	—	83	—	—	86 %
Municipal bonds	3	—	3	—	—	3 %
Total bargained VEBA	$ 97	$ 11	$ 86	$ —	$ —	100 %
Active VEBA:						
Cash	$ 2	$ 2	$ —	$ —	$ —	7 %
Fixed income securities:						
U.S. Treasury securities and government bonds	2	2	—	—	—	7 %
Corporate bonds	23	—	23	—	—	82 %
Municipal bonds	1	—	1	—	—	4 %
Total Active VEBA	$ 28	$ 4	$ 24	$ —	$ —	100 %
Non-bargained VEBA:						
Cash	$ 3	$ 3	$ —	$ —	$ —	2 %
Equity securities:						
U.S. large cap	46	46	—	—	—	36 %
International	30	30	—	—	—	23 %
Fixed income securities:						
U.S. Treasury securities and government bonds	1	1	—	—	—	1 %
Municipal bonds	48	—	48	—	—	38 %
Total non-bargained VEBA	$ 128	$ 80	$ 48	$ —	$ —	100 %
Total	$ 253	$ 95	$ 158	$ —	$ —	100 %

The Company's 2026 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA is 100% fixed income securities and for the Non-bargained VEBA is 60% equity securities and 40% fixed income securities. The Company's 2025 target postretirement benefit plan asset allocation for the Bargained VEBA and Active VEBA was 100% fixed income securities and for the Non-bargained VEBA was 60% equity securities and 40% fixed income securities.

Valuation Techniques Used to Determine Fair Value

Cash—Cash and investments with maturities of three months or less when purchased, including certain short-term fixed-income securities, are considered cash and are included in the recurring fair value measurements hierarchy as Level 1.

Equity securities —For equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, that the Company is able to independently corroborate. Certain equity securities are valued based on quoted prices in active markets and categorized as Level 1. Other equities, such as certain U.S. large cap and international securities held in the pension plan, are invested in commingled funds and/or limited partnerships. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds and/or limited partnerships, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed monthly or more frequently, with 30 or less days of notice and without further restrictions.

Fixed-income securities—Certain U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets and their prices can be corroborated. The fair values of corporate bonds, mortgage backed securities, and certain government bonds are based on prices that reflect observable market information, such as actual trade information of similar securities. These securities are categorized as Level 2 because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate. Exchange-traded future and option positions are reported in accordance with changes in variation margins that are settled daily. Exchange-traded futures and options, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified as Level 1. Other U.S. Treasury securities are invested in commingled funds that may implement their investment strategies in a variety of ways which may include direct and/or indirect investment in securities and other instruments or assets (e.g., futures and swaps) or investment in units of other commingled funds. These funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. Since NAV is not directly observable or not available on a nationally recognized securities exchange for the commingled funds, they are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Real estate fund—Real estate funds are an investment vehicle in the form of a limited partnership primarily focused in real estate investments and are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed quarterly, with 90 or less days of notice, subject to available cash.

REITs—REITs are invested in commingled funds primarily focused in publicly traded shares of real estate investment trusts. Commingled funds are valued to reflect the plan fund's interest in the fund based on the reported year-end NAV. REITs are not included in the fair value hierarchy as they are measured at fair value using the NAV per share (or its equivalent) practical expedient. These investments can typically be redeemed daily, with no prior notice and without further restrictions.

Guaranteed annuity contracts—Guaranteed annuity contracts are categorized as Level 3 because the investments are not publicly quoted. Since these market values are determined by the provider, they are not highly observable and have been categorized as Level 3.

Benefit Obligations, Plan Assets and Funded Status

Presented in the table below is a rollforward of the changes in the benefit obligation and plan assets for the two most recent years, for all plans combined:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation as of January 1,	$ 1,560	$ 1,622	$ 225	$ 247
Service cost	15	17	2	2
Interest cost	87	83	12	12
Plan participants' contributions	—	—	3	3
Actuarial loss (gain)	35	(55)	3	(18)
Settlements	—	(2)	—	—
Gross benefits paid	(179)	(105)	(22)	(22)
Federal subsidy	—	—	1	1
Benefit obligation as of December 31,	$ 1,518	$ 1,560	$ 224	$ 225
Change in plan assets:				
Fair value of plan assets as of January 1,	$ 1,392	$ 1,431	$ 253	$ 258
Actual return on plan assets	152	19	19	11
Employer contributions	46	49	3	3
Plan participants' contributions	—	—	3	3
Settlements	—	(2)	—	—
Benefits paid	(179)	(105)	(22)	(22)
Fair value of plan assets as of December 31,	$ 1,411	$ 1,392	$ 256	$ 253
Funded value as of December 31,	$ (107)	$ (168)	$ 32	$ 28
Amounts recognized on the balance sheet:				
Noncurrent asset	$ 62	$ 51	$ 33	$ 29
Current liability	(2)	(2)	—	—
Noncurrent liability	(167)	(217)	(1)	(1)
Net amount recognized	$ (107)	$ (168)	$ 32	$ 28

Presented in the table below are the components of accumulated other comprehensive income and regulatory assets that have not been recognized as components of periodic benefit costs as of December 31:

	Pension Benefits		Other Benefits	
	2025	2024	2025	2024
Net actuarial loss	$ 289	$ 337	$ 9	$ 13
Prior service credit	(2)	(5)	(52)	(84)
Net amount recognized	$ 287	$ 332	$ (43)	$ (71)
Regulatory assets (liabilities)	$ 261	$ 304	$ (43)	$ (71)
Accumulated other comprehensive income	26	28	—	—
Total	$ 287	$ 332	$ (43)	$ (71)

Presented in the tables below are the aggregate projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for pension plans with a projected obligation in excess of plan assets as of December 31:

	Projected Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Projected benefit obligation	$ 912	$ 916
Fair value of plan assets	743	697

	Accumulated Benefit Obligation Exceeds the Fair Value of Plans' Assets	
	2025	2024
Accumulated benefit obligation	$ 849	$ 852
Fair value of plan assets	743	697

The accumulated postretirement plan assets exceed benefit obligations for the Company's other postretirement benefit plans, except for the Northern Illinois Retiree Welfare Plan, of which the accumulated postretirement benefit obligation is inconsequential for all periods presented.

Contributions

The PPA requires that defined benefit plans contribute to 100% of the current liability funding target over seven years. Defined benefit plans with a funding status of less than 80% of the current liability are defined as being "at risk" and additional funding requirements and benefit restrictions may apply. The Company's qualified defined benefit plan is currently funded above the at-risk threshold, and therefore the Company expects that the plans will not be subject to the "at risk" funding requirements of the PPA. The Company is proactively monitoring the plan's funded status and projected contributions under the law to appropriately manage the potential impact on cash requirements.

Minimum funding requirements for the qualified defined benefit pension plan are determined by government regulations and not by accounting pronouncements. The Company plans to contribute amounts at least equal to or greater than the minimum required contributions or the normal cost in 2026 to the qualified pension plans. Contributions may be in the form of cash contributions as well as available prefunding balances.

Presented in the table below is information about the expected cash flows for the pension and postretirement benefit plans:

	Pension Benefits	Other Benefits
2026 expected employer contributions:		
To plan trusts	$ 44	$ —
To plan participants	2	—

Estimated Future Benefit Payments

Presented in the table below are the net benefits expected to be paid from the plan assets or the Company's assets:

	Pension Benefits	Other Benefits	
	Expected Benefit Payments	Expected Benefit Payments	Expected Federal Subsidy Payments
2026	$ 119	$ 22	$ 1
2027	121	22	1
2028	121	21	1
2029	122	21	1
2030	122	20	—
2031-2035	590	88	2

Because the above amounts are net benefits, plan participants' contributions have been excluded from the expected benefits.

Assumptions

Accounting for pensions and other postretirement benefits requires an extensive use of assumptions about the discount rate, expected return on plan assets, the rate of future compensation increases received by the Company's employees, mortality, turnover and medical costs. Each assumption is reviewed annually. The assumptions are selected to represent the average expected experience over time and may differ in any one year from actual experience due to changes in capital markets and the overall economy. These differences will impact the amount of pension and other postretirement benefit expense that the Company recognizes.

Presented in the table below are the significant assumptions related to the pension and other postretirement benefit plans:

	Pension Benefits			Other Benefits		
	2025	2024	2023	2025	2024	2023
Weighted average assumptions used to determine December 31 benefit obligations:						
Discount rate	5.54%	5.70%	5.18%	5.46%	5.69%	5.22%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				7.00% in 2026	6.50% in 2025	6.75% in 2024
				to 5.00% in 2032+	to 5.00% in 2031+	to 5.00% in 2031+
Weighted average assumptions used to determine net periodic cost:						
Discount rate	5.70%	5.18%	5.58%	5.69%	5.22%	5.60%
Expected return on plan assets	6.63%	6.73%	6.79%	5.00%	5.00%	5.00%
Rate of compensation increase	3.45%	3.51%	3.51%	N/A	N/A	N/A
Medical trend	N/A	N/A	N/A	graded from	graded from	graded from
				6.50% in 2025	6.75% in 2024	7.00% in 2023
				to 5.00% in 2031+	to 5.00% in 2031+	to 5.00% in 2031+

NOTE: "N/A" in the table above means assumption is not applicable.

The discount rate assumption was determined for the pension and postretirement benefit plans independently. The Company uses an approach that approximates the process of settlement of obligations tailored to the plans' expected cash flows by matching the plans' cash flows to the coupons and expected maturity values of individually selected bonds. Historically, for each plan, the discount rate was developed at the level equivalent rate that would produce the same present value as that using spot rates aligned with the projected benefit payments.

The expected long-term rate of return on plan assets is based on historical and projected rates of return, prior to administrative and investment management fees, for current and planned asset classes in the plans' investment portfolios. Assumed projected rates of return for each of the plans' projected asset classes were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed, adjusted for historical and expected experience of active portfolio management results compared to the benchmark returns. The Company's pension expense increases as the expected return on assets decreases. The Company used a weighted average expected return on plan assets of 6.63% to estimate its 2025 pension benefit costs, and an expected blended return based on weighted assets of 5.00% to estimate its 2025 other postretirement benefit costs.

For the years ended December 31, 2025, 2024 and 2023, the Company's mortality assumption utilized the Pri-2012 base mortality table with the MP-2021 mortality improvement scale.

Components of Net Periodic Benefit Cost

Presented in the table below are the components of net periodic benefit costs for the years ended December 31:

	2025	2024	2023
Components of net periodic pension benefit cost (credit):			
Service cost	$ 15	$ 17	$ 17
Interest cost	87	83	85
Expected return on plan assets	(90)	(94)	(94)
Amortization of prior service (credit) cost	(3)	(3)	(3)
Amortization of actuarial loss	21	22	13
Settlements	—	1	1
Net periodic pension benefit cost (credit)	$ 30	$ 26	$ 19
Other changes in plan assets and benefit obligations recognized in other comprehensive income:			
Current year actuarial (gain) loss	$ —	$ (1)	$ 3
Amortization of actuarial loss	(1)	—	(4)
Total recognized in other comprehensive income	(1)	(1)	(1)
Total recognized in net periodic benefit cost (credit) and other comprehensive income	$ 29	$ 25	$ 18
Components of net periodic other postretirement benefit (credit) cost:			
Service cost	$ 2	$ 2	$ 2
Interest cost	12	12	14
Expected return on plan assets	(12)	(12)	(12)
Amortization of prior service credit	(31)	(31)	(31)
Amortization of actuarial loss	—	—	2
Net periodic other postretirement benefit (credit) cost	$ (29)	$ (29)	$ (25)

Savings Plans for Employees

The Company maintains 401(k) savings plans that allow employees to save for retirement on a tax-deferred basis. Employees can make contributions that are invested at their direction in one or more funds. The Company makes matching contributions based on a percentage of an employee's contribution, subject to certain limitations. Due to the Company's discontinuing new entrants into the defined benefit pension plan, on January 1, 2006, the Company began providing an additional 5.25% of base pay defined contribution benefit for union employees hired on or after January 1, 2001 and non-union employees hired on or after January 1, 2006. The Company's 401(k) savings plan expenses totaled $15 million, $15 million and $14 million for 2025, 2024 and 2023, respectively. Additionally, the Company's 5.25% of base pay defined contribution benefit expenses totaled $19 million, $18 million and $17 million for 2025, 2024 and 2023, respectively. All of the Company's contributions are invested in one or more funds at the direction of the employees.

Note 16: Commitments and Contingencies

Commitments have been made in connection with certain construction programs. The estimated capital expenditures required under legal and binding contractual obligations amounted to $1.5 billion as of December 31, 2025.

The Company's regulated subsidiaries maintain agreements with other water purveyors for the purchase of water to supplement their water supply. The Company purchased $138 million, $129 million and $125 million of water under these agreements during 2025, 2024 and 2023, respectively. Presented in the table below are the future annual commitments related to minimum quantities of purchased water having non-cancelable contracts:

	Amount
2026	$ 83
2027	77
2028	78
2029	79
2030	55
Thereafter	968

The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. See Note 4—Revenue Recognition for additional information regarding the Company's performance obligations.

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of December 31, 2025, the Company has accrued approximately $8 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 16—Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of expected insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, but the Company does not currently anticipate that its maximum liability will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On December 22, 2025, the Kanawha County Circuit Court entered a joint order setting a schedule for class certification with a hearing on the motion to be held on March 17, 2026. The Court also ordered mediation and continued the previously set February 2, 2026 trial date.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings.

Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus AFUDC, subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $324 million in aggregate costs as of December 31, 2025, related to the Water Supply Project, which includes $107 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of December 31, 2025, the Company has received settlement payments from defendants 3M Company and DuPont de Nemours, Inc. totaling $159 million, net of legal fees and administrative costs and exclusive of interest. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. Regulatory approvals have been obtained with respect to seven of the Company's utility subsidiaries that are parties to the MDL, and two regulatory applications have been denied. Most of the funds received by the Company are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of December 31, 2025, the funds held in a law firm escrow account totaled $114 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A corresponding amount has been recorded as a regulatory liability. As of December 31, 2025, approximately $47 million of the escrowed funds, including escrow interest, has been transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Note 17: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations for the years ended December 31:

	2025	2024	2023
Numerator:			
Net income attributable to common shareholders	$ 1,111	$ 1,051	$ 944
Denominator:			
Weighted average common shares outstanding—Basic	195	195	193
Effect of dilutive common stock equivalents	—	—	—
Effect of dilutive forward sale agreements	—	—	—
Weighted average common shares outstanding—Diluted	195	195	193

The effect of dilutive common stock equivalents is related to outstanding RSUs and PSUs granted under the Company's 2007 Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Plan, as well as estimated shares to be purchased under the ESPP. Less than one million share-based awards were excluded from the computation of diluted EPS for the years ended December 31, 2025, 2024 and 2023, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. There were less than one million shares related to the Forward Sale Agreements included in the computation of diluted EPS for the year ended December 31, 2025.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 11—Long-Term Debt for additional information relating to the Notes.

Note 18: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS was $795 million as of December 31, 2025 and 2024. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note, see Note 5—Mergers, Acquisitions and Divestitures for additional information. The accounting fair value measurement of the secured seller promissory note approximated $798 million and $793 million as of December 31, 2025 and 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note was classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of December 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,256	11,653	1,065	616	13,334

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Fair Value Measurements

To increase consistency and comparability in fair value measurements, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, exchange-based derivatives, mutual funds and money market funds.

Level 2—Inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled investment funds not subject to purchase and sale restrictions and fair-value hedges.

Level 3—Unobservable inputs, such as internally-developed pricing models for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded non-exchange-based derivatives and commingled investment funds subject to purchase and sale restrictions.

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	32	—	—	32
Deposits	124	—	—	124
Other investments:				
Money market and other	20	—	—	20
Fixed-income securities	28	7	—	35
Mark-to-market derivative asset	—	2	—	2
Total assets	245	9	—	254
Liabilities:				
Deferred compensation obligations	38	—	—	38
Total liabilities	38	—	—	38
Total assets	$ 207	$ 9	$ —	$ 216

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $20 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025 and 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains the Active VEBA trust for purposes of paying active union employee medical benefits. The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of December 31, 2025, the Company had current assets of $55 million included in Other and had no long-term assets on the Consolidated Balance Sheets for other investments measured and recorded at fair value. As of December 31, 2024, the Company had current assets of $71 million included in Other and $44 million of other long-term assets included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed income securities:

	As of December 31, 2025			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 36	$ —	$ 1	$ 35

	As of December 31, 2024			
	Amortized Cost Basis	Gross unrealized gains	Gross unrealized losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed income securities, summarized by contractual maturities, as of December 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 6
1 year - 5 years	18
5 years - 10 years	4
Greater than 10 years	7
Total	$ 35

Note 19: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's ROU assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, four years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $142 million and $143 million as of December 31, 2025 and 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $4 million in 2026 through 2030, and $33 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $13 million, $12 million and $11 million for the years ended December 31, 2025, 2024 and 2023, respectively.

For the years ended December 31, 2025, 2024 and 2023, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $12 million, $11 million, $11 million. For the years ended December 31, 2025, 2024 and 2023, ROU assets obtained in exchange for new operating lease liabilities were $8 million, $11 million, $11 million.

As of December 31, 2025, 2024 and 2023, the weighted-average remaining lease term of the operating leases were 18 years, 18 years, 17 years and the weighted-average discount rate of the operating leases was 5%, 5%, 4%.

The future maturities of lease liabilities at December 31, 2025, were $11 million in 2026, $11 million in 2027, $9 million in 2028, $8 million in 2029, $6 million in 2030 and $83 million thereafter. At December 31, 2025, imputed interest was $46 million.

Note 20: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment is the largest component of the Company's business and includes subsidiaries that provide water and wastewater services to customers in 14 states.

The Company also operates other businesses, primarily MSG, which provide water and wastewater services to the U.S. government on military installations, as well as municipalities. These other businesses do not meet the criteria of a reportable segment in accordance with GAAP, and are collectively presented throughout this Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses.

The accounting policies of the segments are the same as those described in Note 2—Significant Accounting Policies. The Regulated Businesses segment includes intercompany costs that are allocated by Service Company and intercompany interest that is charged by AWCC, both of which are eliminated to reconcile to the Consolidated Statements of Operations. Inter-segment revenues include the sale of water from a regulated subsidiary to subsidiaries within Other, leased office space, and furniture and equipment provided by subsidiaries within Other to regulated subsidiaries. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information as of and for the years ended December 31:

	2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,723	$ 417	$ 5,140
Less:			
Operation and maintenance (a)	1,642	377	2,019
Other segment items (b)	271	9	280
Depreciation and amortization	883	11	894
Interest expense	474	141	615
Interest income	(5)	(85)	(90)
Provision for (benefit from) income taxes	321	(10)	311
Net income (loss) attributable to common shareholders	$ 1,137	$ (26)	$ 1,111
Total assets	$ 32,649	$ 2,793	$ 35,442
Capital expenditures	$ 3,112	$ 14	$ 3,126

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 4,296	$ 388	$ 4,684
Less:			
Operation and maintenance (a)	1,517	341	1,858
Other segment items (b)	241	9	250
Depreciation and amortization	772	16	788
Interest expense	416	107	523
Interest income	(17)	(77)	(94)
Provision for income taxes	302	6	308
Net income (loss) attributable to common shareholders	$ 1,065	$ (14)	$ 1,051
Total assets	$ 29,941	$ 2,889	$ 32,830
Capital expenditures	$ 2,838	$ 18	$ 2,856

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	2023		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,920	$ 314	$ 4,234
Less:			
Operation and maintenance (a)	1,441	279	1,720
Other segment items (b)	220	7	227
Depreciation and amortization	693	11	704
Interest expense	364	96	460
Interest income	(28)	(45)	(73)
Provision for (benefit from) income taxes	259	(7)	252
Net income (loss) attributable to common shareholders	$ 971	$ (27)	$ 944
Total assets	$ 27,480	$ 2,818	$ 30,298
Capital expenditures	$ 2,551	$ 24	$ 2,575

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of the end of the period covered by this report.

Based on that evaluation, the Company's Chief Executive Officer and its Chief Financial Officer have concluded that, as of December 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and its Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect its transactions and dispositions of its assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with authorizations of its management and its directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and its Chief Financial Officer, assessed the effectiveness of its internal control over financial reporting, as of December 31, 2025, using the criteria described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, its management concluded that its internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report appearing in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during its last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended December 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item and not set forth below or in Item 1—Business—Information About Our Executive Officers of this Annual Report on Form 10-K, is incorporated by reference from the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of the fiscal year covered by this report, under the captions entitled "Board of Directors and Corporate Governance" and "Proposal 1—Election of Directors."

The Company has adopted a Code of Ethics, which applies to directors, officers and employees. The full text of the Code of Ethics is publicly available on the Company's website at *https://amwater.com*. The Company intends to post on its website any amendments to the Code of Ethics and any waivers of such provisions granted to certain principal officers.

The Company maintains its Insider Trading Policy and a Personal Securities Trading and Preclearance Practice thereunder, which govern the purchase, sale and other disposition of the Company's securities by the Company's directors, officers and employees, and their immediate family members, among other covered persons (which does not include the Company). The Company believes the Insider Trading Policy and the related practice are reasonably designed to promote and enforce compliance by such covered persons with applicable insider trading laws, rules and regulations, and the listing standards of the NYSE related thereto. A copy of each has been filed as Exhibit 19.1 and Exhibit 19.2, respectively, to this Annual Report on Form 10-K, and the full text of the Insider Trading Policy is publicly available on the Company's website at *https://amwater.com*.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Board of Directors and Corporate Governance—Board Role in Risk Oversight—Executive Development and Compensation Committee Role," "Proposal 1—Election of Directors—Director Compensation Table," "Compensation Discussion and Analysis," "Executive Compensation" (excluding the subsection "Pay Versus Performance"), "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" (with the latter report being furnished, and not filed, in this Annual Report on Form 10-K).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item setting forth the security ownership of certain beneficial owners and management is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the captions entitled "Certain Beneficial Ownership Matters—Security Ownership of Management," "Certain Beneficial Ownership Matters—Security Ownership of Certain Beneficial Owners" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Board of Directors and Corporate Governance—Board Review of Related Person Transactions" and "Proposal 1—Election of Directors—Director Independence."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference in the Company's Proxy Statement for the 2026 Annual Meeting of Shareholders, under the caption entitled "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Fees Paid to Independent Registered Public Accounting Firm" and "Proposal 3—Ratification of Appointment of Independent Registered Public Accounting Firm—Pre-Approval of Services Provided by Independent Registered Public Accounting Firm."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents have been filed as a part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Consolidated Financial Statements" contained in Item 8—Financial Statements and Supplementary Data of this Annual Report on Form 10-K are hereby incorporated by reference in response to this Item 15(a).

2. Financial statement schedules have been omitted since they are either not required or are not applicable as the information is otherwise included in the financial statements or notes thereto.

3. Exhibits. The list of documents contained in "Exhibit Index" is provided in response to this Item 15(a). The warranties, representations and covenants contained in any of the agreements included or incorporated by reference herein or which appear as exhibits hereto should not be relied upon by buyers, sellers or holders of the Company's or its subsidiaries' securities and are not intended as warranties, representations or covenants to any individual or entity except as specifically set forth in such agreement.

The responses to Items 15(b) and (c) of Form 10-K are included above in response to Item 15(a).

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
2.3#	Purchase and Sale Agreement, dated as of May 19, 2025, between American Water Works Company, Inc. and Nexus Regulated Utilities, LLC (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of October 22, 2007, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to American Water Capital Corp.'s Registration Statement on Form S-4, File No. 333-148284, and American Water Works Company, Inc.'s Registration Statement on Form S-4, File No. 333-148284-01, filed December 21, 2007).
4.2	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.3	Indenture, dated as of June 29, 2023, among American Water Capital Corp., American Water Works Company, Inc. and U.S. Bank Trust Company, National Association. (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.4	Form of 3.625% Exchangeable Senior Note due 2026 (included in Exhibit 4.3) (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed June 29, 2023).
4.5	Officers' Certificate, dated December 17, 2012, establishing the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 17, 2012).
4.6	Officers' Certificate, dated August 14, 2014, providing for a further issuance of the 4.300% Senior Notes due 2042 (incorporated by reference to Exhibit 4.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 14, 2014).
4.7	Officers' Certificate, dated August 13, 2015, establishing the 4.300% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 13, 2015).
4.8	Officers' Certificate, dated November 17, 2016, establishing the 3.000% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.9	Officers' Certificate, dated November 17, 2016, establishing the 4.000% Senior Notes due 2046 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed November 17, 2016).
4.10	Officers' Certificate, dated August 10, 2017, establishing the 2.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).
4.11	Officers' Certificate, dated August 10, 2017, establishing the 3.750% Senior Notes due 2047 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 10, 2017).

Exhibit Number	Exhibit Description
4.12	Officer's Certificate, dated August 9, 2018, establishing the 3.750% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.13	Officer's Certificate, dated August 9, 2018, establishing the 4.200% Senior Notes due 2048 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 9, 2018).
4.14	Officers' Certificate, dated May 13, 2019, establishing the 3.450% Senior Notes due 2029 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.15	Officers' Certificate, dated May 13, 2019, establishing the 4.150% Senior Notes due 2049 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 13, 2019).
4.16	Officers' Certificate, dated April 14, 2020, establishing the 2.800% Senior Notes due 2030 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.17	Officers' Certificate, dated April 14, 2020, establishing the 3.450% Senior Notes due 2050 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 14, 2020).
4.18	Officers' Certificate, dated May 14, 2021, establishing the 2.300% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.19	Officers' Certificate, dated May 14, 2021, establishing the 3.250% Senior Notes due 2051 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 14, 2021).
4.20	Officers' Certificate, dated May 5, 2022, establishing the 4.450% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed on May 5, 2022).
4.21	Officers' Certificate, dated February 23, 2024, establishing the 5.150% Senior Notes due 2034 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.22	Officers' Certificate, dated February 23, 2024, establishing the 5.450% Senior Notes due 2054 (incorporated by reference to Exhibit 4.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 23, 2024).
4.23	Officers' Certificate, dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
4.24	Officers' Certificate, dated August 8, 2025, establishing the 5.700% Senior Notes due 2055 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
4.25	Description of American Water Works Company, Inc.'s Equity Securities (incorporated by reference to Exhibit 4.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.1.1#	Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, and U.S. Bank National Association, as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed on October 31, 2022).
10.1.2	First Amendment, dated as of June 21, 2023, to the Third Amended and Restated Credit Agreement, dated as of October 26, 2022, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, JPMorgan Chase Bank, N.A., as syndication agent, and Mizuho Bank, Ltd., PNC Bank, National Association, U.S. Bank National Association, and Bank of America, N.A., as co-documentation agents (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 26, 2023).
10.1.3	Extension Agreement, dated October 26, 2023, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 1, 2023).
10.1.4	Extension Agreement, dated as of October 28, 2024, by and among American Water Works Company, Inc., American Water Capital Corp., each of the Lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.2 to American Water Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.2	Support Agreement, dated June 22, 2000, together with First Amendment to Support Agreement, dated July 26, 2000, by and between American Water Works Company, Inc. and American Water Capital Corp. (incorporated by reference to Exhibit 10.3 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.3	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.4	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.5	Forward Sale Agreement, dated August 4, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.6	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Wells Fargo Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.7	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and JPMorgan Chase Bank, National Association, in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.8	Additional Forward Sale Agreement, dated August 7, 2025, by and between American Water Works Company, Inc. and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a forward purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc's Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.9*	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).

Exhibit Number	Exhibit Description
10.10*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and David M. Bowler (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.11*	Offer Letter for Employment, dated August 1, 2024, between American Water Works Company, Inc. and Stacy A. Mitchell (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 30, 2024).
10.12*	Offer Letter for Employment, dated November 1, 2024, between American Water Works Company, Inc. and Maureen Duffy (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.13*	Offer Letter for Employment, dated September 30, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 29, 2025).
10.14*	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Company, Inc. and Melanie Kennedy (incorporated by reference to Exhibit 10.13 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.15*	Amended and Restated American Water Works Company, Inc. Deferred Compensation Plan, dated as of January 1, 2001 (incorporated by reference to Exhibit 10.9 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.16*	Nonqualified Deferred Compensation Plan for Non-Employee Directors of American Water Works Company, Inc., as amended and restated, effective as of January 1, 2009 (incorporated by reference to Exhibit 10.38 to American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-155245, filed November 18, 2008).
10.17.1*	Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries, as amended and restated, effective as of June 1, 2018 (incorporated by reference to Exhibit 10.9.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2019).
10.17.2*	Amendment No. 2019-1 to the Nonqualified Savings and Deferred Compensation Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, as amended and restated, effective as of November 1, 2019 (incorporated by reference to Exhibit 4.1.2 to American Water Works Company, Inc.'s Registration Statement on Form S-8, File No. 333-235598, filed December 19. 2019).
10.18*	Amended and Restated American Water Works Company, Inc. Executive Retirement Plan, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.8 to American Water Capital Corp.'s Registration Statement on Form S-1, File No. 333-145757-01, and American Water Works Company, Inc.'s Registration Statement on Form S-1, File No. 333-145757, filed October 11, 2007).
10.19.1*	American Water Works Company, Inc. Annual Incentive Plan (incorporated by reference to Appendix C to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.19.2*	Amendment 2016-1 to American Water Works Company, Inc. Annual Incentive Plan (now known as the Annual Performance Plan), effective January 1, 2016 (incorporated by reference to Exhibit 10.14.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 25, 2016).
10.20*	Second Amended and Restated American Water Works Company, Inc. and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, adopted on July 27, 2018, effective as of February 5, 2019 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed October 31, 2018).
10.21.1*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan, as amended (incorporated by reference to Appendix B to American Water Works Company, Inc.'s Definitive Proxy Statement, File No. 001-34028, filed March 27, 2015).
10.21.2*	American Water Works Company, Inc. 2007 Omnibus Equity Compensation Plan 2016 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 3, 2016).
10.22.1*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2017).
10.22.2*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.3*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).
10.22.4*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.5*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.6*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.7*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Restricted Stock Unit Grant (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.10 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.8*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.9*	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO) (incorporated by reference to Exhibit 10.4 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.10*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.11*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2018 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.11 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 2, 2018).
10.22.12*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2019).

Exhibit Number	Exhibit Description
10.22.13*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2019 Performance Stock Unit Grant Form B-1 (corrected) (incorporated by reference to Exhibit 10.14.33 to American Water Works Company, Inc.'s Quarterly Report on Form 10-K, File No. 001-34028, filed February 18, 2020).
10.22.14*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.22.15*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2020 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.13 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 6, 2020).
10.22.16*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2021 Performance Stock Unit Grant Form B-1 (as amended) (incorporated by reference to Exhibit 10.13.23 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.22.17*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2022 Performance Stock Unit Grant Form B (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 27, 2022).
10.22.18*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2023 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 26, 2023).
10.22.19*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.20*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form A-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.25 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.21*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.22*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form B-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.27 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.23*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed May 1, 2024).
10.22.24*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2024 Performance Stock Unit Grant Form C-2 (for CEO, CFO and COO), as amended (incorporated by reference to Exhibit 10.16.29 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.25*	Amendment to Form of 2024 Long-Term Performance Plan Grant Documents (other than for CEO, CFO and COO) (incorporated by reference to Exhibit 10.16.30 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.22.26*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1 (incorporated by reference to Exhibit 10.5 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.27*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.6 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.28*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-1 (incorporated by reference to Exhibit 10.7 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.29*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form B-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.8 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.30*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C-1 (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.31*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form C-2 (for CEO, COO and CFO) (incorporated by reference to Exhibit 10.10 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.22.32*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2017 Non-Employee Director Stock Unit Grant (incorporated by reference to Exhibit 10.9 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 12, 2017).
10.22.33*	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed July 30, 2025).
10.23*	American Water Works Company, Inc. Executive Severance Policy, as amended and restated as of July 27, 2021 (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.24*	American Water Works Company, Inc. Change of Control Severance Policy, dated as of July 27, 2021 (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed August 2, 2021).
10.25.1*	American Water Works Company, Inc. Pension Plan for Employees, as amended and restated effective December 31, 2022 (incorporated by reference to Exhibit 10.16 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 15, 2023).
10.25.2*	American Water Works Company, Inc. Amendment 2023-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 20, 2023 (incorporated by reference to Exhibit 10.17.2 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.25.3*	American Water Works Company, Inc. Amendment 2023-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 29, 2023 (incorporated by reference to Exhibit 10.17.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
10.25.4*	American Water Works Company, Inc. Amendment 2025-1 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated June 4, 2025 (filed herewith).
10.25.5*	American Water Works Company, Inc. Amendment 2025-2 to the Pension Plan for Employees (as amended and restated effective December 31, 2022), dated December 10, 2025 (filed herewith).

Exhibit Number	Exhibit Description
10.26.1#	Secured Seller Note Agreement, dated December 9, 2021, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
10.26.2#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.26.3	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company' Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.27	Revenue Share Agreement, dated December 9, 2021, by and among American Water Works Company, Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC and American Water Resources Holdings, LLC (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 9, 2021).
19.1	Insider Trading and Prohibited Transactions Policy, as amended, effective December 1, 2024 (filed herewith).
19.2	Personal Securities Trading and Preclearance Practice, as amended, effective December 9, 2025 (filed herewith).
21.1	Subsidiaries of American Water Works Company, Inc. (filed herewith).
22.1	Guaranteed Securities (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act (filed herewith).
32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act (furnished herewith).
97.1	American Water Works Company, Inc. Incentive-Based Compensation Recovery Policy, dated as of December 1, 2023 (incorporated by reference to Exhibit 97.1 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 14, 2024).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Denotes a management contract or compensatory plan or arrangement.

Instruments defining the rights of holders of certain issues of long-term debt of the Company and certain of its consolidated subsidiaries have not been filed as exhibits to this report because the authorized principal amount of any one of such issues does not exceed 10% of the Company's consolidated total assets. The Company agrees to furnish a copy of each such instrument to the SEC upon request.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Agreement and Plan of Merger filed as Exhibit 2.2, the Purchase and Sale Agreement filed as Exhibit 2.3, and the Secured Seller Note Agreement and related amendments thereto filed as Exhibit 10.26.1, Exhibit 10.26.2 and Exhibit 10.26.3 to this Annual Report on Form 10-K, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of February, 2026.

AMERICAN WATER WORKS COMPANY, INC.

BY: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 18th day of February, 2026, by the following persons in the capacities indicated.

/s/ JOHN C. GRIFFITH	/s/ JEFFREY N. EDWARDS
John C. Griffith **President and Chief Executive Officer** **(Principal Executive Officer and Director)**	**Jeffrey N. Edwards** **(Director)**
/s/ DAVID M. BOWLER	/s/ LISA A. GROW
David M. Bowler **Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**	**Lisa A. Grow** **(Director)**
/s/ MELISSA K. WIKLE	/s/ LAURIE P. HAVANEC
Melissa K. Wikle **Senior Vice President, Chief Accounting Officer** **(Principal Accounting Officer)**	**Laurie P. Havanec** **(Director)**
/s/ JULIA L. JOHNSON	/s/ PATRICIA L. KAMPLING
Julia L. Johnson **(Director)**	**Patricia L. Kampling** **(Director)**
/s/ KARL F. KURZ	/s/ MICHAEL L. MARBERRY
Karl F. Kurz **(Board Chair)**	**Michael L. Marberry** **(Director)**
/s/ STUART M. McGUIGAN	/s/ RAFFIQ NATHOO
Stuart M. McGuigan **(Director)**	**Raffiq Nathoo** **(Director)**

AMENDMENT 2025-1
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

WHEREAS, American Water Works Company, Inc. (the "Company") sponsors the Pension Plan For Employees of American Water Works Company, Inc. And Its Designated Subsidiaries (the "Plan") and its corresponding trust for the benefit of its eligible employees; and

WHEREAS, Section 16.1 of the Plan authorizes the Benefits Administration Committee of American Water Works Company, Inc. and Its Designated Beneficiaries (the "Committee") to amend the Plan for amendments that do not have a material cost; and

WHEREAS, the Committee desires to amend the Plan to permit a terminated participant who has applied for Social Security disability benefits and elected an early retirement benefit to prospectively convert the early retirement benefit to a disability retirement benefit, regardless of the annuity starting date; and

WHEREAS, this "Amendment" shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW THEREFORE, BE IT RESOLVED, that by virtue of the authority reserved to the Committee under Section 16.1 of the Plan, the Plan is hereby amended as follows:

1. Effective as of January 1, 2023, Section 4.2(c) of the Plan (Early Retirement) is amended to read as follows:

   "(c) In the event a Participant (1) applies for Social Security disability benefits while they are employed (including employment during leave of absence), (2) subsequently commences payment of their Early Retirement benefit under Section 4.2, and (3) receives an award of total and permanent disability from the Social Security Administration, such Participant shall be eligible to receive an adjusted pension benefit as a Disability Retirement under Section 4.3 (provided that the Participant qualifies for such Disability Retirement under Section 4.3) retroactive to their Annuity Starting Date under clause (2) above. For purposes of clarity, a Participant for whom payment of their Early Retirement benefit has not yet commenced as of their elected Annuity Starting Date due to administrative delay shall be treated as having commenced payment of their Early Retirement benefit as of their elected Annuity Starting Date."

2. Effective as of January 1, 2023, Section 4.3(d) of the Plan (Disability Retirement) is amended to read as follows:

   "(d) A terminated Participant shall be eligible to convert an Early Retirement benefit that has commenced pursuant to Section 4.2 to a Disability

Retirement benefit under this Section 4.3 to the extent the provisions of Section 4.2(c) apply."

IN WITNESS WHEREOF, this Amendment has been executed this 4th day of June, 2025.

BENEFITS ADMINISTRATION COMMITTEE OF AMERICAN WATER WORKS COMPANY, INC. AND ITS DESIGNATED SUBSIDIARIES

By: /s/ Martin Falkenberg

Title: SVP HR Operations

Exhibit 10.25.5

AMENDMENT 2025-2
TO THE
PENSION PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

WHEREAS, American Water Works Company, Inc. (the "Company") sponsors the Pension Plan for Employees of American Water Works Company, Inc. and Its Designated Subsidiaries (the "Plan") and its corresponding trust for the benefit of its eligible employees;

WHEREAS, the Company has approved the purchase of one or more group annuity contracts ("GACs") to settle portions of the Plan's liabilities for certain in-pay status retirees and beneficiaries ("Retiree Lift-Out");

WHEREAS, Section 16.1 of the Plan authorizes the Benefits Administration Committee of American Water Works Company, Inc. and Its Designated Beneficiaries (the "Benefits Administration Committee") to amend the Plan in whole or in part at any time and from time to time, provided that any such amendment is administrative in nature, required by law, or does not materially increase the cost of the Plan to the Company, as determined by the Company's Treasurer in consultation with the Company's Chief Financial Officer;

WHEREAS, the Benefits Administration Committee desires to amend the Plan to reflect the Retiree Lift-Out; and

WHEREAS, this "Amendment" shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

NOW THEREFORE, BE IT RESOLVED, that by virtue of the authority reserved to the Benefits Administration Committee under Section 16.1 of the Plan, Article VII of the Plan is hereby amended, effective as of December 10, 2025, to add a new Section 7.3 to read, in its entirety, as follows:

"Section 7.3 2025 Group Annuity Contract Purchase. Notwithstanding any other provision in the Plan, on December 10, 2025 (or as soon as practicable thereafter), the Plan shall purchase one or more annuity contracts (such term to include group annuity contract(s) ('GACs')) in accordance with, and to effect, the following:

(a) The entire benefit rights of the Annuitized Individuals (as defined in subsection (e) of this Section 7.3) shall be:

(i) fully guaranteed by an insurance company licensed to do business in one of the United States of America;

(ii) legally enforceable by the Annuitized Individual solely against the insurance company and against no other person, including the Plan; and

(iii) guaranteed by such insurance company by way of an irrevocable commitment to pay the benefit liabilities with respect to the Annuitized Individual.

(b) A certificate that describes the benefits to which the Annuitized Individual is entitled shall be issued to the Annuitized Individual by the insurance company.

(c) After the group annuity contract purchase described in this Section, the Annuitized Individual shall no longer be a Participant under the Plan, shall no longer have any rights under the Plan, and the Plan shall have no further obligation to make any payment with respect to any benefit of an Annuitized Individual, including with respect to any survivor, beneficiary, or other person claiming by or through the Annuitized Individual. The Plan shall not be the contract-holder of the group annuity contract nor shall such group annuity contract be held as an asset of the Plan.

(d) The group annuity contract shall provide for the continued payment of the Annuitized Individual's benefit in the same form that was in effect under the Plan immediately before the group annuity contract purchase, giving effect to any applicable beneficiary, joint pensioner, contingent annuitant, joint annuitant or similar designation, survivor benefit election, and/or qualified domestic relations order.

(e) For purposes of this Section, an 'Annuitized Individual' is a Participant or any other person who is entitled under the Plan to receive a benefit payable hereunder and who, in each case, satisfies the following conditions:

(i) if the person is a Participant, spouse or in pay status designated beneficiary, the Plan issued the first payment (or first payments) for such Participant's, Spouse's or designated beneficiary's benefit under the Plan, as applicable, on or before September 1, 2025;

(ii) if the person is not a Participant, spouse or in pay status designated beneficiary, such person's benefit under the Plan derives from the benefit of a Participant described in subsection (e)(i) of this Section 7.3;

(iii) as of the date of the annuity purchase, each of such person's benefit under the Plan is being paid in the form of an annuity in the amount of $1,725 per month or less; and

(iv) such person does not belong to any of the excluded categories described in subsection (f) of this Section 7.3.

(f) Members of the following specified categories and classes of Participants, spouses, designated beneficiaries, and alternate payees in the Plan shall be excluded from designation as an Annuitized Individual under subsection (e) of this Section 7.3:

(i) Participants, spouses, designated beneficiaries or alternate payees whose accrued benefits under the Plan are determined with reference to a domestic relations order, or other process issued by a court or administrative agency;

(ii) Participants, spouses or designated beneficiaries who reside in New York state;

(iii) A Participant who is still within two years of the date payments to the Participants began under Section 6.1(a) of the Plan;

(iv) Participants, spouses, designated beneficiaries or alternate payees whose accrued benefits under the Plan are payable pursuant to the terms of the legacy GACs with Principal Life Insurance Company and John Hancock Life Insurance Company (U.S.A.)

(v) Participants, spouses or designated beneficiaries whose accrued benefits under the Plan are offset or reduced by the amount of payments or entitlements due under another employee benefit plan or insurance contract or by deduction other than state or federal tax; and

(vi) Any individual otherwise excluded on the basis of criteria determined by the Administration Committee (or its delegate) and applied on a uniform and non-discriminatory basis."

IN WITNESS WHEREOF, this Amendment has been executed this 10th day of December 2025.

BENEFITS ADMINISTRATION COMMITTEE OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES

By: /s/ Martin Falkenberg

Title: SVP HR

POLICY DOCUMENT

AMERICAN WATER

nsider Trading and Prohibited Transactions Policy

pplicability:	American Water Works Company, Inc., and its controlled subsidiaries (individually or collectively, "American Water" or the "Company")	**Last Updated:** December 1, 2024 **Executive Sponsor:** Executive Vice President and General Counsel **Policy Owner:** Vice President, Chief SEC Counsel and Secretary

I. PURPOSE

This Policy governs securities trading and transactions and the confidentiality of material, non-public information related to the Company. This Policy has been adopted by the Company's Board of Directors to promote compliance with Securities Laws that prohibit trading in securities on the basis of material non-public information.

This Policy applies to transactions in Company Securities and Derivative Securities. The Policy also applies to transactions in Other Securities of an entity other than the Company, when (i) a Covered Person is aware of material, non-public information regarding that entity and (ii) the information is obtained through the Company or by virtue of a person's employment or other relationship with the Company.

It is important that all Covered Persons review the Policy carefully and periodically. Noncompliance with the Policy is grounds for immediate sanctions, including but not limited to termination of employment or service. Trading on the basis of material non-public information is also a serious violation of Securities Laws, leading potentially to both civil and criminal penalties.

Section X contains a list of definitions for capitalized terms used in this Policy.

II. POLICY STATEMENT

All persons or entities subject to this Policy have ethical and legal obligations to (i) maintain the confidentiality of information about the Company and (ii) not engage in Covered Transactions while aware of material non-public information at the time of the transaction. In all cases, the responsibility for determining whether a person or entity is aware of material non-public information rests with that person or entity.

Furthermore, the Policy prohibits certain other transactions, called "Prohibited Transactions", that tend to focus on short-term profit or loss, rather than the long-term success of the Company. By eliminating Prohibited Transactions, the Company seeks to align the interests of Covered Persons with the Company's business strategy and the Company's long-term shareholders. These transactions are prohibited even in circumstances where a Covered Person may not be aware of any material non-public information.

Except as specifically noted herein, there are no exceptions to this Policy.

III. THE INSIDER TRADING POLICY

A. Who is Covered by the Policy?

This policy applies to all Covered Persons, and to Family Members and Controlled Entities of Covered Persons, as further described below. Each Covered Person is individually responsible for complying with this Policy. A Covered Person is also responsible for transactions of the Covered Person's Family Members and Controlled Entities. For the purposes of this Policy and the Securities Laws, each Covered

Person should treat all transactions by Family Members or Controlled Entities as if the transactions were for the Covered Person's own account. Therefore, a Covered Person must make their Family Members aware of the need to communicate with the Covered Person before a Family Member or any related Controlled Entity engages in a transaction covered by this Policy.

A Covered Person may continue to be subject to the Policy after the end of employment or service with the Company. If a Covered Person is aware of material non-public information when employment or service with the Company ends for any reason, the Covered Person (including Family Members and Controlled Entities) may not engage in Covered Transactions (as described in Section III.D of this Policy) until that information has become public or is no longer material. A determination as to whether, and for how long, a Covered Person may remain as such following such person's resignation, retirement, or termination of service from the Company, may be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer in appropriate circumstances.

B. What is Material Information?

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell Company Securities, Derivative Securities, or Other Securities. Any information that could reasonably be expected to affect the price of these securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data. Materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. The broadest interpretation should be given as to whether information is material, and it is important to review the information in context of other existing information and other surrounding facts and circumstances. The following is an illustrative list of information that could be regarded as material:

- Quarterly and annual earnings or losses and other similar financial information
- Earnings guidance or projections about earnings or other financial information, including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- Significant events associated with regulatory proceedings involving the Company's utility subsidiaries, including, without limitation, the initiation, termination and resolution of such proceedings;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related person transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation or investigations, including the resolution of or other significant developments with respect to any litigation or investigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption of or to the Company's operations;

- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

When in doubt as to the materiality of any non-public information, a Covered Person should refrain from entering into any transaction and consult with their manager or supervisor, or the Chief SEC Counsel.
If a manager discloses material non-public information to other persons, the manager must let them know that they are prohibited from engaging in transactions, except as permitted by this Policy or the Personal Securities Trading and Preclearance Practice, until such time as the information is no longer material or has been publicly disclosed by the Company, as explained in Section III.C below.

C. When is Information Considered Public?

Information that has not been broadly disclosed to investors and the trading markets is generally considered to be non-public information. For information to be publicly disclosed, information must have been broadly disseminated to investors and sufficient time given for the trading markets to process and absorb that information.

Information generally would be considered broadly disseminated if it has been disclosed through a:

- filing with the SEC, such as a Form 8-K or other report;
- press release issued via a national newswire service;
- broadcast on a broadly-available radio or television program; or
- publication in a newspaper or magazine with significant circulation (such as *The Wall Street Journal*).

By contrast, information would likely not be considered broadly disseminated if it is available only to the Company's employees or if it is only available to a select group of third parties. For example, disclosures made in regulatory proceedings, such as testimony given or briefs filed in rate cases, or in litigation proceedings, may be considered non-public for purposes of this Policy even though the information may no longer be viewed as confidential. Depending on the specific facts and circumstances, information on the Company's or another web site may or may not be broadly disseminated; thus, such information should not be viewed as publicly disclosed for purposes of this Policy unless determined otherwise by the Chief SEC Counsel after consultation with the General Counsel and/or Chief Financial Officer.

Once information is broadly disseminated, it is necessary to allow sufficient time for the investing public to absorb the information. As a general rule, and while specific facts may require or permit reaching a different conclusion, information should be considered absorbed by the marketplace when two full trading days have elapsed after the information is broadly disseminated.

Questions as to whether information may be considered public should be discussed with the Chief SEC Counsel.

D. What is a Covered Transaction?

The Policy applies to any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy (these are collectively referred to in this Policy as "Covered Transactions"). Issuers of Other Securities may be other

companies or entities with which the Company does business, such as a customer, vendor, contractor or supplier of the Company.

For purposes of this Policy, a Covered Transaction includes transactions even when nothing is received in exchange for the security, and regardless of whether the transaction is effected in the open market or in a privately-negotiated transaction.

The following are illustrative examples of Covered Transactions:

- ordinary open-market purchase and sales;
- gifts of securities;
- transfers or contributions of securities to a trust or other entity;
- private sales or transfers of securities, effected other than through a broker or a securities market;
- transfers among family members or other related parties;
- reorganizations of entities that own securities;
- transfers following death or incident to the divorce of the owner;
- transfers that may be required by a legal process, or a court or administrative order.

E. What Trading and Disclosure Activities are Prohibited by the Policy?

No Covered Person, Family Member or Controlled Entity who is aware of material non-public information may, directly or indirectly (including indirectly through Family Members, Controlled Entities or other persons who may not be aware of such information):

- engage in any Covered Transaction in Company Securities or Derivative Securities, except through a Rule 10b5-1 plan approved as provided in this Policy;
- engage in any Covered Transaction in Other Securities when aware of material non-public information about the other company;
- advise others, generally or specifically, concerning a Covered Transaction;
- disclose material non-public information (also called “tipping”) to persons within or outside the Company to any person who does not have a “need to know” that information, except for disclosures made in accordance with the Company’s policies regarding the protection or authorized external disclosure of information regarding the Company; or
- assist anyone in taking any of the foregoing actions.

These prohibitions remain in effect until the material non-public information is fully disclosed and broadly disseminated to the public, or until the information, although not disclosed, ceases to be material. For example, knowledge about an impending potential acquisition would no longer be material if the parties ultimately determine not to enter into an acquisition agreement.

F. Special Situations: Transactions under Company Plans

Transactions involving Company Securities and Derivative Securities under certain of the Company’s benefit and other plans are subject to the following rules:

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Stock option exercises	▪ the exercise of a Derivative Security, such as a stock option, acquired pursuant to a Company equity compensation plan; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements.	Any sale of Company Securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option.
Equity compensation plan awards	▪ the granting or vesting of Derivative Securities or Company Securities that are awards (including options, restricted stock units, performance stock units or shares of common stock) under any Company equity compensation plan that has been approved by the Company's stockholders; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements, if effected in compliance with the terms of a Company equity compensation plan or award.	Any simultaneous or subsequent sale of Company Securities.
ESPP	▪ any decision to enroll in the ESPP during an ESPP open enrollment period; ▪ any purchases of Company Securities through the ESPP resulting from a periodic contribution of money to the ESPP during a purchase period pursuant to a payroll contribution election; ▪ any changes in a payroll contribution election made in accordance with the terms of the ESPP; or ▪ any decision to terminate or suspend participation in the ESPP If the ESPP obtains Company Securities in open-market transactions rather than from the Company, enrollments in and changes in payroll contribution elections would become subject to the Policy. In this case, the Company would communicate this change to persons subject to the Policy.	Any sales of Company Securities purchased pursuant to the ESPP.

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Dividend reinvestment plans and programs	▪ An election to participate or terminate participation in American Water Stock Direct, the Company's direct stock purchase and dividend reinvestment plan (or any successor plan); ▪ purchases of Company Securities through American Water Stock Direct resulting solely from the automatic reinvestment of dividends paid on the Company's Securities; or ▪ purchases of Company Securities resulting solely from the automatic reinvestment of dividends paid on the Company's Securities pursuant to any dividend reinvestment program, plan or feature offered by a third-party broker or dealer (a "Broker DRP") that operates in a manner substantially similar to American Water Stock Direct. If Company Securities are provided to American Water Stock Direct in open-market transactions rather than directly from the Company, elections to participate in this plan would become subject to the Policy. In this case, the Company will communicate this change to persons subject to the Policy.	• An election to participate or terminate participation in a Broker DRP; • voluntary purchases of Company Securities resulting from additional contributions in American Water Stock Direct; or • any sale of any Company Securities received through any reinvestment of dividends on Company Securities, whether through American Water Stock Direct, a Broker DRP or otherwise.
Other transactions with the Company	Any other purchase of Company Securities from the Company or sales of Company Securities to the Company	N/A

G. <u>Rule 10b5-1 Plans</u>

Under SEC Rule 10b5-1, a purchase or sale of a security will not be deemed to have been made on the basis of material non-public information if the person making the trade demonstrates that the trade was made pursuant to a binding agreement or written plan entered into or adopted at a time that the person was not aware of any material nonpublic information, and otherwise complies with all of the other requirements of such rule. As used in this Policy, a Rule 10b5-1 plan refers to a written plan (a) regarding the method for effecting future transactions in securities entered into or adopted at a time when the person is not aware of material non-public information and (b) that complies with all of the requirements of such rule. A person that effects a transaction pursuant to a valid and compliant Rule 10b5-1 plan may have a defense against a claim that the transaction violated the U.S. federal insider trading rules.

Transactions under a Rule 10b5-1 plan as defined above will not be subject to this Policy if all of the following conditions below are met:

- The Rule 10b5-1 plan must comply and be operated in accordance with all applicable legal requirements, including under the Federal securities laws.
- The Rule 10b5-1 plan must be entered into during an open trading window and when a person is not aware of material non-public information, and should not involve complex trading mechanisms.

- The Rule 10b5-1 plan may be amended or terminated only (a) when a person is not aware of material non-public information and (b) in accordance with all of the requirements of Rule 10b5-1.
- The transaction must comply with all of the terms and conditions of the Rule 10b5-1 plan.
- All applicable requirements in the Personal Securities and Trading Preclearance Practice with respect to Rule 10b5-1 plans and SEC reporting requirements must be met.
- The Rule 10b5-1 plan must be reviewed and approved by the Chief SEC Counsel prior to any effecting any transactions, except that with respect to the review of a Rule 10b5-1 plan for any director or executive officer, the Chief SEC Counsel will consult with the Chief Executive Officer, the Chief Financial Officer and the General Counsel, who will collectively confer and determine whether to approve the Rule 10b5-1 plan.

H. Mutual Funds

Transactions in securities issued by mutual funds, exchange-traded funds, index funds or other "broad basket" funds that own or hold Company Securities as one of many investments are not subject to this Policy.

IV. PROHIBITED TRANSACTIONS

Even in circumstances where a director, officer or employee is not aware of material non-public information, they (including Family Members and Controlled Entities) may not engage in Prohibited Transactions, each of which is described in more detail below. These include:

- Short sales and "short sales against the box";
- Hedging transactions and other transactions in Derivative Securities; and
- Pledging and margin transactions

The ban on Prohibited Transactions seeks to focus directors, officers and employees on the long-term goals and prospects of the Company and to prevent them from being distracted by speculative trading in Company Securities or Derivative Securities. Also, the Company seeks to prevent such persons from limiting their investment risk in Company Securities.

The following is a brief description of each type of Prohibited Transaction:

- Short sales and "short sales against the box": A short sale is generally a sale of a security that the seller does not own, with the plan to repurchase the security at a later time when the price is lower. A short-seller generally must borrow the security from its owner to deliver it to the purchaser. A "short sale against the box" is generally a short sale involving a security that the seller owns but does not deliver to the purchaser.

  A short seller of Company Securities or Derivative Securities can profit from the transaction only to the extent the price of the security decreases. Short sales may reduce a seller's incentive to improve the Company's performance. In addition, under the Securities Laws, it is unlawful for any of the Company's directors or Section 16 officers to engage in short sales and certain "short sales against the box" of Company Securities or Derivative Securities.

  For these reasons, short sales and "short sales against the box" involving Company Securities and Derivative Securities by Company directors, officers and employees (and their Family Members and Controlled Entities) are prohibited.

- Hedging transactions: A hedging transaction with respect to a security is a transaction entered into for the purpose of reducing or eliminating the market price risk associated with the ownership of that security. A hedging transaction allows an investor to focus on short-term performance at the expense of long-term objectives.
  For example, if a person owns a Company Security, a hedging transaction can involve the purchase of a put option or the sale of a call option with respect to that security. Call options and put options allow the purchaser and the seller, in effect, to speculate in the price of the Company Security and minimize the risk incurred if the price were to change. In this example, a call option is a Derivative Security that entitles the holder to purchase a Company Security at a specified price at any time before a future date. A put option is a Derivative Security that entitles the holder to sell a Company Security at a specified price at any time before a future date. Hedging transactions may include transactions involving combinations of call options and put options, sometimes described as “spreads” or “collars.”

  Some additional examples of hedging transactions are:
  - a current sale of the security for delivery in the future, either at a fixed price or at a price that can fluctuate;
  - an agreement by the holder to exchange future investment results, such as dividends or market price changes, with respect to the security owned by such person for another fixed or variable investment return; or
  - the deposit of securities owned in a so-called “exchange fund,” which also owns the securities deposited by a number of other participants, in exchange for an ownership interest in the fund, thereby diversifying the risk of the ownership of the securities

Because hedging transactions can result in the misalignment between the ownership interest of the Company’s directors, officers and employees and those of the Company’s stockholders, no director, officer or employee (including Family Members or Controlled Entities) may engage in any of the transactions described above, in any purchase or sale of a Derivative Security, or in any other transaction of a similar nature (as determined by the Chief SEC Counsel, the General Counsel or the Chief Financial Officer) that has the effect of reducing or eliminating the investment risk associated with any Company Securities owned by such person.

To the extent they may be Derivative Securities, the granting, exercise, vesting and earning of awards issued under any of the Company’s equity compensation plans are not considered hedging transactions under this Policy; however, buying or selling any Derivative Security with respect to such securities is prohibited.

- Pledging and margin transactions: A pledge of Company Securities involves the offering of such securities to a lender as collateral for a loan. A margin of Company Securities involves the use of Company Securities in a margin account as collateral for an investment in securities.

  Any pledging or margining of Company Securities puts the shares of Company Securities at risk of sale if the loan is not repaid or if the value of securities subject to a pledge or held on margin decreases in value. For this reason, no director, officer or employee (including Family Members or Controlled Entities) may:

- pledge Company Securities as collateral for a loan or other obligation (such as to cover overdrafts or shortfalls in another account);
- use Company Securities as collateral in a margin account for a loan or for any other obligation in connection with the purchase of a security; or
- engage in any other similar transaction that has the effect of using Company Securities as collateral or security for a loan or any other obligation.

This prohibition applies whether the Company Securities have been acquired from the Company, in the open market or otherwise. However, this prohibition does not apply to any "cashless exercise" of a stock option issued under a Company equity compensation plan.

Because the default terms of many brokerage agreements may permit shares held in brokerage accounts to be marginable or used to secure another obligation, brokers should be instructed that Company Securities held in any such account must not be subject to any pledge, security interest or margin. Further, Company Securities or Derivative Securities should not be held in an account that allows pledging of the securities in the account or the purchase of any securities on margin.

V. RELATED PRACTICES AND REQUIREMENTS

Personal Securities Trading and Preclearance Practice

The Personal Securities Trading and Preclearance Practice issued under this Policy contains provisions that govern the preclearance and trading of Company Securities. A violation of the Practice is considered a violation of the Policy. You should consult the Practice before engaging in any transaction involving Company Securities.

Stock Ownership Guidelines and Stock Retention Requirements

The Board of Directors has adopted the Executive Stock Ownership Guidelines and Executive Stock Retention Requirements for employees at specified levels and has adopted stock ownership requirements for members of the Board of Directors. Any preclearance request will consider compliance with these guidelines and requirements before approval. If you are covered by these guidelines or requirements, please consult with the Chief SEC Counsel or the relevant documentation for more information.

VI. NON-COMPLIANCE

The violation of any insider trading prohibition, including the purchase and sale of securities while aware of material non-public information or the disclosure of material non-public information to others who then trade in the Company's Securities, Derivative Securities or Other Securities, is prohibited by the Securities Laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as foreign authorities. Securities Laws may also impose liability on companies and other persons in positions of control if they fail to take reasonable steps to prevent insider trading by Company personnel. There are no minimum requirements on the size of the transaction that can trigger insider trading liability. Relatively small trades have in the past led to civil and criminal investigations, and lawsuits.

There are strict criminal and civil penalties under the U.S. securities laws for committing illegal insider trading:

- A criminal prosecution can result in a fine of up to $5 million and imprisonment for up to 20 years for each act.

- In a civil action brought by the SEC, a person who has been found to have engaged in insider trading, or of having communicated material non-public information to another person who engages in insider trading, can be held liable for a penalty up to three times the profit gained, or the loss avoided.
- The SEC has the authority to obtain a court order barring a director or officer who has engaged in insider trading from serving, either permanently or for a period of time, as a director or officer of any public company.

In addition, an individual's failure to comply with this Policy may subject the individual to Company- imposed sanctions, including but not limited to termination of employment or service for cause, whether or not the person's failure to comply results in a violation of law. A violation of law, or even an SEC investigation that does not result in a prosecution, can tarnish a company's or person's reputation and irreparably damage a career.

VII. STRATEGIC OBJECTIVES

This Policy addresses strategic objectives for compliance with applicable Securities Laws related to insider trading, and to protect the Company's reputation for integrity and ethical conduct.

VIII. MONITORING

The Chief SEC Counsel, together with the General Counsel and Chief Compliance Officer, should periodically review the efficacy of this Policy in addressing the strategic objectives described above.

IX. WAIVERS; MODIFICATIONS

Waivers or exceptions to this Policy may be made only be the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The General Counsel shall maintain all documentation related to waivers or exceptions to this Policy in accordance with applicable document retention policies. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

X. DEFINITIONS

The following definitions apply to this Policy:

- *The Company*: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require
- *Chief SEC Counsel*: The person having the title or serving in the role of the Chief SEC Counsel, or their designee, or, in the absence of the Chief SEC Counsel and designee, the General Counsel
- *Company Securities*: Equity securities (common stock) and debt securities (debentures, bonds and notes) of the Company
- *Controlled Entity*: any corporation, partnership, limited liability company, trust or other entity (whether for-profit or not-for-profit) that is influenced or controlled by any Covered Person, or any Family Member or another Controlled Entity of a Covered Person
- *Covered Persons*: all directors, officers, employees, consultants and independent contractors of the Company
- *Covered Transactions:* any acquisition, disposition or other transfer involving Company Securities, Derivative Securities or Other Securities, other than transactions specifically excepted by this Policy
- *Derivative Securities*: Contracts or instruments that derive value from the price of a Company Security

- *ESPP:* The Company and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, as it may be amended from time to time, including any predecessor or successor plan.
- *Family Members* with respect to a Covered Person include any of the following:
  - A spouse, child (including a child away at college), stepchild, parent, stepparent, mother-in-law or father in-law, of such Covered Person
  - Any other relative or person who lives in the household of such Covered Person, other than a domestic employee or tenant
  - Any other person who does not live the household of such Covered Person but whose transactions in Company Securities, Derivative Securities or Other Securities may be directed by the Covered Person or over which the Covered Person has the power to influence or control (regardless of whether the Covered Person actually directs, influences or controls a transaction)
- *Other Securities*: Securities of an entity other than the Company
- *Prohibited Transactions*: transactions described in Section IV of this Policy
- *SEC*: the U.S. Securities and Exchange Commission
- *Securities Laws*: applicable U.S. Federal, state and foreign securities laws

XI. CONTACT INFORMATION

The Chief SEC Counsel acts as a resource with respect to questions regarding this Policy, and to interpret any of the provisions of this Policy with respect to specific facts and circumstances. Questions about this Policy or its application should be directed to the Chief SEC Counsel, or, in their absence, the Company's General Counsel or Chief Financial Officer.

Appendix – Summary of Policies & Practices Related to Insider Trading and Prohibited Transactions Policy

Policy	Related Practices
Insider Trading and Prohibited Transactions Policy	Personal Securities Trading and Preclearance Practice
	Executive Stock Ownership Guidelines and Stock Retention Requirements
Code of Ethics	

PROCEDURE DOCUMENT

AMERICAN WATER

Exhibit 19.2

Personal Securities Trading and Preclearance Practice

Functional Owner: VP, Chief SEC Counsel & Secretary **Last Updated: December 9, 2025**

I. PURPOSE

This Practice has been adopted in connection with the Insider Trading and Prohibited Transactions Policy and sets forth requirements with respect to limitations on and the preclearance of transactions governed by that Policy.

Section VIII contains a list of definitions covering capitalized terms used in this Practice. Other capitalized terms not otherwise defined in this Practice have the meanings given to them in the Policy.

II. SCOPE

This Practice:

- establishes the use of trading windows and preclearance procedures with respect to transactions in Company Securities by members of the Preclearance Group;
- establishes certain practices with respect to Rule 10b5-1 plans; and
- describes SEC reporting requirements for Affiliates in connection with transactions in Company Securities.

III. TRADING WINDOWS

A member of the Preclearance Group may engage in transactions in Company Securities only during an open trading window. Covered transactions under the Policy are subject to this Practice. The Company maintains trading and other restrictions on accounts containing Company Securities related to the Company's equity plans, and may take additional actions deemed necessary or desirable to enforce the Policy and this Practice.

Opening of a Trading Window

A trading window generally opens at 9:30 a.m. ET on the trading day immediately following the expiration of two full trading days after the public release of the Company's earnings with respect to a completed fiscal period. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the opening of the trading window and, as noted below, in any changes to that opening date. Below are examples of the operation of this general rule with respect to the opening of the trading window:

Example 1: The Company releases for the first time its fiscal year-end earnings at 4:45 p.m. ET on Tuesday, February 21, 2017 (after the close of that day's trading). The trading window will open on Friday, February 24, 2017, at 9:30 a.m. ET.

Example 2: The Company releases for the first time its fiscal quarter earnings at 6:30 a.m. ET on Wednesday, May 3, 2017 (before the open of that day's trading). The trading window will open on Friday, May 5, 2017, at 9:30 a.m. ET.

Closing of a Trading Window

Once opened, a trading window generally closes at 4:00 p.m. ET on the later of (1) the second trading day of the last month of the fiscal quarter in which the trading window is opened, or (2) the fourth trading day after the trading window's opening day, unless it is closed earlier or as otherwise determined by the Company's General Counsel or the Company's Chief Financial Officer. Stated another way, unless closed earlier, the trading window will generally remain open for a minimum of five trading days. The Chief SEC Counsel or their designee issues an email to Affiliates and Restricted Individuals informing them of the expected date of the closing of the trading window and, as noted below, in any changes to the closing date. Below are examples of the operation of this general rule with respect to the closing of the trading window:

Example 1: If a trading window opens on Friday, February 24, 2017, at 9:30 a.m. ET, and assuming the window is not closed earlier, the trading window will close on Thursday, March 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (2) above.

Example 2: If a trading window opens on Friday, May 5, 2017, at 9:30 a.m. ET., and assuming the window is not closed earlier, the trading window will close on Friday, June 2, 2017, at 4:00 p.m. ET. This is an example of a trading window that closes as described in clause (1) above.

Changes to Window Period Opening and Closing Dates

The Company may delay the opening of a trading window, determine not to open a trading window, or shorten or extend the length of any open trading window, at any time, and from time to time, if the Company believes that effecting transactions in Company Securities by any or all of the members of the Preclearance Group would be inappropriate or impermissible due to material developments at the Company or other developments that could become material. Any such decision will be made by the General Counsel or the Chief Financial Officer, in consultation with the Chief SEC Counsel.

If the opening of a trading window is delayed, the trading window would still close as described under "Closing of a Trading Window" above, unless it is extended.

The Chief SEC Counsel or their designee notifies Affiliates and Restricted Individuals regarding changes in the trading window opening and closing dates. However, the reason for the change may not be disclosed and, if the reason is known by an Affiliate or Restricted Individual, that person must not disclose the reason to any other person, except for disclosures permitted under the Company's Code of Ethics with respect to confidential information for persons who have a legitimate business reason to know the information. A trading window may not be opened, may close early, or may be extended, as to any or all of the members of the Preclearance Group.

IV. PRECLEARANCE PROCEDURES

All members of the Preclearance Group must preclear their transactions in Company Securities at any time, even during an open trading window. Preclearance means that, before the transaction may be effected, the transaction must be reviewed and approved by the Chief SEC Counsel, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer.

A request for preclearance should be submitted in writing by the Affiliate or Restricted Individual to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, to the General Counsel or Chief Financial Officer. Affiliates and Restricted Individuals will receive a notice that preclearance forms may be submitted, along with the proper preclearance form. A member of the Preclearance Group may not proceed with a transaction until notice of approved is received in writing

(including by an email from the Company's stock plan administrator). Any such approval will be valid only until the closing of the trading window, unless notice is given otherwise.

A transaction may be disapproved for many reasons. If the transaction has been disapproved, the circumstances of that decision may be disclosed to the person requesting preclearance. Unless the requester has been permitted to do so, the requester may not discuss the reasons for disapproval with anyone else.

V. DESIGNATED RESTRICTED INDIVIDUALS

From time to time, the Company may determine to limit the ability of persons who are not Restricted Individuals, or to further limit the ability of Restricted Individuals, to engage in transactions in American Water securities. In each case, such persons will be referred to hereunder as "Designated Restricted Individuals," and such persons will be prohibited or restricted, in whole or in part, and on a temporary or permanent basis, from engaging in transactions in Company Securities, depending on the specific circumstances.

Example 1: Individuals who are not Restricted Individuals may receive non-public information about the Company's financial results on a conference call and are told that they cannot engage in transactions in Company Securities until two full trading days have elapsed after the information is disclosed publicly. Such persons shall be considered Designated Restricted Individuals for purposes of this Practice.

Example 2: Individuals, some of whom are Restricted Individuals, working on a significant pending acquisition may be instructed that they cannot engage in any transactions in Company Securities, including during any open window period, until further notice. Such Persons shall be considered Designated Restricted Individuals for purpose of this Practice.

To the extent that instructions are given to a person who is already a Restricted Individual, and the Restricted Person is told to restrict transactions in Company Securities beyond the restrictions contained in this Practice, the Designated Restricted Individual must comply with those stricter restrictions until further notice, even if they would have otherwise been permitted to effect a transaction under this Practice.

VI. REPORTING OF TRANSACTIONS BY AFFILIATES

Affiliates must file certain reports with the SEC and New York Stock Exchange disclosing their beneficial holdings of Company Securities and any changes in those holdings. The Chief SEC Counsel and their designee will provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors to help them complete those filings. **However, in any event, the responsibility for complying with the Securities Laws with respect to transactions in Company Securities rests solely with the Affiliate**.

Rule 144

An Affiliate engaging in open-market sales of Company Securities must comply with Rule 144 of the Securities Act of 1933, including any obligation to file a Form 144. A Form 144 is required when a sale exceeds a specified number of shares or dollar amount of securities. The Affiliate should inform the broker handling the sale of Company Securities that a Rule 144 sale is being made and that a Form 144 should be filed with the SEC and New York Stock Exchange when the order to sell is placed. If necessary, the Chief SEC Counsel or their designee can provide reasonable assistance to Affiliates who are employees of the Company or members of the Board of Directors and their brokers with respect to this filing.

Section 16

If you are an Affiliate and you effect any transaction in Company Securities, including pursuant to a Rule 10b5-1 Plan, you (or, in the case of the Rule 10b5-1 plan transaction, the broker administering the plan) must immediately report the transaction to the Chief SEC Counsel or their designee, or in the absence of the Chief SEC Counsel, the General Counsel or Chief Financial Officer. You will be required to complete and file forms with the SEC and the New York Stock Exchange under Section 16 of the Securities Exchange Act of 1934 to report these transactions, generally within two business days after the date of the transaction. The Chief SEC Counsel and their designee will provide reasonable assistance to any Affiliate who is an employee of the Company or a member of the Board of Directors with respect to the obligation to file these forms.

VII. RULE 10B5-1 TRADING PLANS

The Policy describes Rule 10b5-1 trading plans and the requirements for implementing such a plan, or amending or terminating an existing Rule 10b5-1 plan. With respect to persons who are not Affiliates, a copy of the Rule 10b5-1 plan or any amendment thereof must be provided to the Chief SEC Counsel for review and approval at least ten business days prior to entry into such plan or amendment. Affiliates must generally provide greater advance notice to permit review of the Affiliate's Rule 10b5-1 plan and approval as required under the Policy. You may enter into, amend or terminate a Rule 10b5-1 plan only at a time when you are not aware of material non-public information, and if you are a Preclearance Group member, only during an open trading window. Transactions effected pursuant to an approved Rule 10b5-1 plan will not require further preclearance at the time of the transaction.

The Rule 10b5-1 plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Once a Rule 10b5-1 plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded, or the date of the trade.

VIII. DEFINITIONS

The following capitalized terms used in this Practice have the meanings set forth below:

- Affiliates – (1) Any director of American Water, and (2) any person who has been designated by the Board of Directors of American Water as an executive officer of American Water for purposes of the U.S. Securities Laws.
- American Water or the Company – American Water Works Company, Inc., not including its subsidiaries.
- Designated Restricted Individuals – Any person who the Chief Executive Officer, the Chief Financial Officer, the General Counsel, or the Chief SEC Counsel may determine to be a Restricted Individual, either on a temporary or permanent basis, and under such conditions or restrictions from engaging in transactions in Company Securities that are to be determined by such person to be warranted based on the circumstances.
- Preclearance Group – The Preclearance Group is comprised of:
  - Affiliates;
  - Restricted Individuals; and
  - Family Members and Controlled Entities of any of the foregoing persons.

- Restricted Individuals – Employees of the Company or any of its subsidiaries, other than Affiliates, who, in the normal course of their duties, have regular access to material non-public information about the Company, and each of whom has been notified by the Chief SEC Counsel or their designee that the employee is a "Restricted Individual." A determination as to whether, and for how long, a former Affiliate or employee may continue to remain subject to the Policy and this Practice is to be made by the Chief SEC Counsel, after consultation with the General Counsel and/or the Chief Financial Officer.

IX. WAIVERS; MODIFICATIONS

Exceptions to this Practice may be made only by the written approval of the General Counsel, after consultation with the Chief SEC Counsel. The Company reserves the right to amend or rescind this Practice or any portion of it at any time and to adopt additional or different practices, policies and procedures at any time.

X. NON-COMPLIANCE

Any Covered Person who violates or circumvents this Practice may be subject to disciplinary action, up to and including termination of employment or service. Additionally, any Covered Person or member of the Preclearance Group who purchases or sells Company Securities based on material non-public information regarding the Company may be criminally liable under provisions of Securities Laws prohibiting insider trading. Civil and other penalties are also recoverable in private lawsuits or by the SEC against Covered Persons or Preclearance Group members who engage in and profit from short swing trades.

XI. QUESTIONS

If you have any questions about this Practice, contact the Chief SEC Counsel or their designee.

American Water Works Company, Inc.'s Subsidiaries

As of February 18, 2026

Entity Name	Entity Type	Jurisdiction of Organization
Alpha Merger Sub, Inc.	Corporation	Pennsylvania
American Lake Water Company	Corporation	Illinois
American Water (USA), LLC	Limited Liability Company	Delaware
American Water Canada Corp.	Corporation	Ontario
American Water Capital Corp.	Corporation	Delaware
American Water Enterprises Holding, LLC	Limited Liability Company	Delaware
American Water Enterprises, LLC	Limited Liability Company	Delaware
American Water Defense Services, LLC	Limited Liability Company	Delaware
American Water Federal Services, LLC	Limited Liability Company	Delaware
American Water Military Services, LLC	Limited Liability Company	Delaware
American Water Operations and Maintenance, LLC	Limited Liability Company	Texas
American Water Real Property Holdings LLC	Limited Liability Company	Delaware
American Water Services CDM, Inc.	Corporation	Washington
American Water Works Service Company, Inc.	Corporation	Delaware
AW Insurance LLC	Series Limited Liability Company	Delaware
AWIP Holdings LLC	Limited Liability Company	Delaware
AW Technologies, LLC	Limited Liability Company	Delaware
Bluefield Valley Water Works Company	Corporation	Virginia
California-American Water Company	Corporation	California
Edison Water Company	Corporation	New Jersey
Environmental Management, LLC	Limited Liability Company	Missouri
E'town Services L.L.C.	Limited Liability Company	New Jersey
GCW Acquisition Company LLC	Limited Liability Company	New Jersey
Hawaii-American Water Company	Corporation	Nevada
Illinois-American Water Company	Corporation	Illinois
Indiana-American Water Company, Inc.	Corporation	Indiana
Iowa-American Water Company	Corporation	Delaware
Kentucky-American Water Company	Corporation	Kentucky
Laurel Oak Properties Corporation	Corporation	Delaware
Liberty Water Company	Corporation	New Jersey
Maryland-American Water Company	Corporation	Maryland
Missouri-American Water Company	Corporation	Missouri
New Jersey-American Water Company, Inc.	Corporation	New Jersey
One Water Street LLC	Limited Liability Company	New Jersey
Pennsylvania-American Water Company	Corporation	Pennsylvania
Tennessee-American Water Company	Corporation	Tennessee
TWH LLC	Limited Liability Company	Delaware
Virginia-American Water Company	Corporation	Virginia
West Virginia-American Water Company	Corporation	West Virginia

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026
2.950% Senior Notes due 2027
3.750% Senior Notes due 2028
3.450% Senior Notes due 2029
2.800% Senior Notes due 2030
2.300% Senior Notes due 2031
4.450% Senior Notes due 2032
5.150% Senior Notes due 2034
5.250% Senior Notes due 2035
6.593% Senior Notes due 2037
4.300% Senior Notes due 2042
4.300% Senior Notes due 2045
4.000% Senior Notes due 2046
3.750% Senior Notes due 2047
4.200% Senior Notes due 2048
4.150% Senior Notes due 2049
3.450% Senior Notes due 2050
3.250% Senior Notes due 2051
5.450% Senior Notes due 2054
5.700% Senior Notes due 2055

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-285328 and 333-277166) and Form S-8 (Nos. 333-235598, 333-219682, 333-217975, 333-168543 and 333-150381) of American Water Works Company, Inc. of our report dated February 18, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, John C. Griffith, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, David M. Bowler, certify that:

1. I have reviewed this annual report on Form 10-K of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Griffith, President and Chief Executive Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
February 18, 2026

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION PURSUANT TO
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David M. Bowler, Executive Vice President and Chief Financial Officer of American Water Works Company, Inc. (the "Company"), hereby certify that, based on my knowledge:

(1) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
February 18, 2026

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 21, 2025
Common Stock, par value $0.01 per share	**195,011,615**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;

- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 35,466	$ 35,059
Accumulated depreciation	(7,089)	(7,021)
Property, plant and equipment, net	28,377	28,038
Current assets:		
Cash and cash equivalents	114	96
Restricted funds	18	29
Accounts receivable, net of allowance for uncollectible accounts of $57 and $53, respectively	380	416
Income tax receivable	23	25
Unbilled revenues	332	315
Materials and supplies	107	103
Other	220	231
Total current assets	1,194	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,162	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,144	1,144
Other	397	399
Total regulatory and other long-term assets	3,585	3,577
Total assets	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,512,663 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,611	8,598
Retained earnings	2,317	2,112
Accumulated other comprehensive income	2	12
Treasury stock, at cost (5,501,396 and 5,451,216 shares, respectively)	(398)	(392)
Total common shareholders' equity	10,534	10,332
Long-term debt	13,318	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,321	12,521
Total capitalization	23,855	22,853
Current liabilities:		
Short-term debt	999	879
Current portion of long-term debt	114	637
Accounts payable	240	346
Accrued liabilities	539	791
Accrued taxes	228	156
Accrued interest	131	111
Other	196	230
Total current liabilities	2,447	3,150
Regulatory and other long-term liabilities:		
Advances for construction	396	383
Deferred income taxes and investment tax credits	2,936	2,881
Regulatory liabilities	1,400	1,416
Operating lease liabilities	75	76
Accrued pension expense	212	217
Other	252	277
Total regulatory and other long-term liabilities	5,271	5,250
Contributions in aid of construction	1,583	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185
Basic earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Diluted earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
Net income attributable to common shareholders	$ 205	$ 185
Other comprehensive (loss) income, net of tax:		
Unrealized (loss) gain on cash flow hedges, net of tax of $(3) and $3 for the three months ended March 31, 2025 and 2024, respectively	(8)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of $(1) and $1 for the three months ended March 31, 2025 and 2024, respectively	(2)	(1)
Net other comprehensive (loss) income	(10)	18
Comprehensive income attributable to common shareholders	$ 195	$ 203

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 205	$ 185
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Provision for losses on accounts receivable	10	5
Pension and non-pension postretirement benefits	(2)	—
Other non-cash, net	(21)	4
Changes in assets and liabilities:		
Receivables and unbilled revenues	25	(2)
Income tax receivable	2	60
Pension contributions	(11)	(11)
Accounts payable and accrued liabilities	(131)	(61)
Accrued taxes	73	24
Other assets and liabilities, net	(51)	(18)
Net cash provided by operating activities	331	382
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(548)	(609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	(568)	(733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	810	1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Advances and contributions in aid of construction, net of refunds of $9 for the three months ended March 31, 2025 and 2024	13	3
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other, net	(4)	(1)
Net cash provided by financing activities	254	613
Net increase in cash, cash equivalents and restricted funds	17	262
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 157	$ 626
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 298	$ 422

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of March 31, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of $16 million. The Company sold the tax credits to an external party for $15 million. As of March 31, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended March 31:

	2025	2024
Cash and cash equivalents	$ 114	$ 584
Restricted funds	18	42
Restricted funds included in other long-term assets	25	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 157	$ 626

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the three months ended March 31:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(10)	(5)
Amounts written off	6	7
Balance as of March 31	$ (57)	$ (49)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 560	$ —	$ 560
Commercial	212	—	212
Fire service	45	—	45
Industrial	45	—	45
Public and other	67	—	67
Total water services	929	—	929
Wastewater services:			
Residential	68	—	68
Commercial	18	—	18
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	101	—	101
Miscellaneous utility charges	11	—	11
Alternative revenue programs	—	6	6
Lease contract revenue	—	2	2
Total Regulated Businesses	1,041	8	1,049
Other	93	—	93
Total operating revenues	$ 1,134	$ 8	$ 1,142

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 502	$ 2	$ 504
Commercial	186	1	187
Fire service	41	—	41
Industrial	42	—	42
Public and other	55	1	56
Total water services	826	4	830
Wastewater services:			
Residential	59	—	59
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	85	—	85
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	2	2
Lease contract revenue	—	2	2
Total Regulated Businesses	920	8	928
Other	83	—	83
Total operating revenues	$ 1,003	$ 8	$ 1,011

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $103 million and $84 million are included in unbilled revenues on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract assets of $36 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Contract liabilities of $29 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract liabilities of $25 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Revenues recognized for the three months ended March 31, 2025 and 2024, from amounts included in contract liabilities were $22 million and $21 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of March 31, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of March 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $585 million as of March 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the three months ended March 31, 2025, the Company closed one asset acquisition of a regulated water system for a purchase price of $2 million, which added approximately 300 water customers. Assets acquired from this acquisition, utility plant, totaled $2 million.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended March 31, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of March 31, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million and $17 million of interest income during the three months ended March 31, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the three months ended March 31, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive income (loss) before reclassifications	—	—	—	(8)	2	(6)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—	(4)	(4)
Net other comprehensive loss	—	—	—	(8)	(2)	(10)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Net other comprehensive income (loss)	—	—	—	19	(1)	18
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On March 4, 2025, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of February 7, 2025.

On April 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on June 3, 2025, to shareholders of record as of May 13, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the three months ended March 31, 2025, the Company's regulated subsidiaries issued in the aggregate $13 million of private activity bonds and government funded debt in multiple transactions with no annual interest and maturity dates ranging from 2025 through 2028. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the three months ended March 31, 2025, were collateralized. During the three months ended March 31, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $531 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 3.41%, and maturity dates ranging from 2025 to 2061.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1.0 billion and $880 million as of March 31, 2025, and December 31, 2024, respectively, or net of discount $999 million and $879 million as of March 31, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively. At March 31, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 24.1% and 23.6% for the three months ended March 31, 2025 and 2024. The increase in the Company's effective income tax rate for the three months ended March 31, 2025, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of March 31, 2025, the Company has a CAMT credit carryforward of $132 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended March 31,	
	2025	2024
Components of net periodic pension benefit cost:		
Service cost	$ 3	$ 5
Interest cost	21	21
Expected return on plan assets	(22)	(24)
Amortization of prior service credit	(1)	(1)
Amortization of actuarial loss	5	6
Net periodic pension benefit cost	$ 6	$ 7
Components of net periodic other postretirement benefit credit:		
Service cost	$ —	$ 1
Interest cost	3	3
Expected return on plan assets	(3)	(3)
Amortization of prior service credit	(8)	(8)
Net periodic other postretirement benefit credit	$ (8)	$ (7)

The Company contributed $11 million for the funding of its defined benefit pension plans for the three months ended March 31, 2025 and 2024. The Company expects to make additional pension contributions to the plan trusts of $33 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of March 31, 2025, the Company has accrued approximately $17 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed $5 million. As a result, the Company recorded a charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC to the settlement will be funded unless and until, and to the extent required by, a proposed settlement agreement that has been entered into by the parties and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $290 million in aggregate costs as of March 31, 2025, related to the Water Supply Project, which includes $92 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to comment and the issuance by the CPUC of a final decision, that would authorize an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On March 28, 2025, the court issued an intended decision to deny the joint petition in full. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income attributable to common shareholders	$ 205	$ 185
Denominator:		
Weighted-average common shares outstanding—Basic	195	195
Effect of dilutive common stock equivalents	—	—
Weighted-average common shares outstanding—Diluted	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three months ended March 31, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of March 31, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $797 million and $793 million as of March 31, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of March 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,432	10,570	1,053	664	12,287

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 43	$ —	$ —	$ 43
Rabbi trust investments	28	—	—	28
Deposits	7	—	—	7
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	77	7	—	84
Mark-to-market derivative asset	—	10	—	10
Total assets	176	17	—	193
Liabilities:				
Deferred compensation obligations	33	—	—	33
Total liabilities	33	—	—	33
Total assets	$ 143	$ 17	$ —	$ 160

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $25 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $75 million and $71 million in other current assets, as of March 31, 2025, and December 31, 2024, respectively, and $30 million and $44 million in other long-term assets, as of March 31, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of March 31, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 84	$ 1	$ 1	$ 84

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of March 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 47
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 84

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of March 31, 2025, and December 31, 2024. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $3 million in 2025, $4 million in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for the three months ended March 31, 2025 and 2024, respectively.

For the three months ended March 31, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million. For the three months ended March 31, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $3 million.

As of March 31, 2025, the weighted-average remaining lease term of the operating leases was 17 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of March 31, 2025, were $9 million in 2025, $11 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029, and $85 million thereafter. As of March 31, 2025, imputed interest was $47 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended March 31, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,049	$ 93	$ 1,142
Less:			
Operation and maintenance (a)	395	73	468
Other segment items (b)	67	(1)	66
Depreciation and amortization	213	3	216
Interest expense	114	30	144
Interest income	(1)	(21)	(22)
Provision for income taxes	60	5	65
Net income attributable to common shareholders	$ 201	$ 4	$ 205
Total assets	$ 30,288	$ 2,868	$ 33,156
Cash paid for capital expenditures	$ 545	$ 3	$ 548

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended March 31, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 928	$ 83	$ 1,011
Less:			
Operation and maintenance (a)	351	65	416
Other segment items (b)	61	4	65
Depreciation and amortization	184	4	188
Interest expense	97	27	124
Interest income	(3)	(21)	(24)
Provision for income taxes	53	4	57
Net income attributable to common shareholders	$ 185	$ —	$ 185
Total assets	$ 27,807	$ 3,279	$ 31,086
Cash paid for capital expenditures	$ 603	$ 6	$ 609

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three months ended March 31, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.05, an increase of $0.10, as compared to the same period in the prior year. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three months ended March 31, 2025 and 2024, include incremental interest income of $0.03 and $0.02 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately $3.3 billion in these growth strategies in 2025. During the first three months of 2025, the Company invested $518 million, in the Regulated Businesses, as discussed below.

- $515 million capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $3 million to fund an acquisition in the Regulated Businesses, which added approximately 300 customers.
- Approximately 4,000 new customers were added through organic growth in existing systems.

As of March 31, 2025, the Company had entered into 18 agreements with a total aggregate purchase price of $123 million for pending acquisitions in the Regulated Businesses, to add approximately 29,000 additional customers. In April 2025, the Company completed two acquisitions of regulated water systems for a total aggregate purchase price of $6 million, which added approximately 1,850 water customers and entered into two agreements with a total aggregate purchase price of $45 million for pending acquisitions in the Regulated Businesses, to add approximately 10,200 additional customers.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company. See Part II, Item 1—Legal Proceedings—Cybersecurity Incident Consolidated Class Action Lawsuit.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended March 31,	
(In millions)	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 1,049	$ 928
Operation and maintenance	395	351
Depreciation and amortization	213	184
General taxes	81	76
Other income (expense)	(99)	(79)
Provision for income taxes	60	53
Net income attributable to common shareholders	$ 201	$ 185

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended March 31, 2025	2024
Water services:		
Residential	$ 560	$ 504
Commercial	212	187
Fire service	45	41
Industrial	45	42
Public and other	73	58
Total water services	935	832
Wastewater services:		
Residential	68	59
Commercial	18	16
Industrial	5	2
Public and other	10	8
Total wastewater services	101	85
Other (a)	13	11
Total operating revenues	$ 1,049	$ 928

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended March 31, 2025	2024
Billed water services volumes:		
Residential	34,691	34,414
Commercial	17,197	17,291
Industrial	8,654	8,337
Fire service, public and other	12,392	11,116
Total billed water services volumes	72,934	71,158

For the three months ended March 31, 2025, operating revenues increased $121 million, primarily due to a $97 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states and a $14 million increase from water and wastewater acquisitions, as well as organic growth in existing systems. In addition, operating revenues were higher for the three months ended March 31, 2025, in the Company's California subsidiary, primarily due to an increase in customer demand and change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Employee-related costs	$ 149	$ 135
Production costs	106	102
Operating supplies and services	72	63
Maintenance materials and supplies	29	22
Customer billing and accounting	20	14
Other	19	15
Total operation and maintenance expense	$ 395	$ 351

For the three months ended March 31, 2025, operation and maintenance expense increased $44 million, due to increases from employee-related costs to support growth and acquisitions completed in 2024. In addition, operation and maintenance expense was higher due to increased production costs primarily from higher power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other operating expenses.

Depreciation and Amortization

For the three months ended March 31, 2025, depreciation and amortization increased $29 million, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three months ended March 31, 2025, general taxes increased $5 million, primarily due to incremental property and capital stock taxes.

Other Expenses

For the three months ended March 31, 2025, other expenses increased $20 million, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three months ended March 31, 2025, the Regulated Businesses' provision for income taxes increased $7 million. The Regulated Businesses' effective income tax rate was 23.0% and 22.3% for the three months ended March 31, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 93	$ 83
Operation and maintenance	73	65
Depreciation and amortization	3	4
General taxes	6	5
Interest expense	(30)	(27)
Interest income	21	21
Other income	7	1
Provision for income taxes	5	4
Net income attributable to common shareholders	$ 4	$ —

Operating Revenues

For the three months ended March 31, 2025, operating revenues increased $10 million, from an increase in capital projects in MSG and the Contract Services Group ("CSG").

Operation and Maintenance

For the three months ended March 31, 2025, operation and maintenance expense increased $8 million, primarily due to costs associated with MSG and CSG projects.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of April 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of April 30, 2025:

- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and will become effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the Indiana Utility Regulatory Commission to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and will become effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Net income	$ 205	$ 185
Add (less):		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Other non-cash activities (a)	(13)	9
Changes in assets and liabilities (b)	(82)	3
Pension contributions	(11)	(11)
Net cash provided by operating activities	$ 331	$ 382

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the three months ended March 31, 2025, cash flows provided by operating activities decreased $51 million, due to normal business operations, primarily relating to decreases in accounts payable and accrued liabilities, partially offset by an increase in net income.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (548)	$ (609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	$ (568)	$ (733)

For the three months ended March 31, 2025, cash flows used in investing activities decreased $165 million, primarily due to lower capital expenditures and fewer acquisitions in the current period. The Company plans to invest approximately $3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Three Months Ended March 31, 2025	2024
Proceeds from long-term debt, net of discount	$ 810	$ 1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other financing activities, net (a)	9	2
Net cash provided by financing activities	$ 254	$ 613

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the three months ended March 31, 2025, cash flows provided by financing activities decreased $359 million, primarily due to lower proceeds from the issuance of long-term debt and higher repayments of long-term debt. These decreases were partially offset by higher short-term commercial paper borrowings in the current period, compared to repayments of commercial paper in the prior period.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On March 31, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of April 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on April 4, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

The CPUC's March 2023 final decision provides Cal Am with an opportunity to increase its cost cap (currently set at a total of $112 million) for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to the issuance of a final decision, that would authorize an increase of $11 million to this cost cap for the specified extraction wells.

Coastal Development Permit Application

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Cal Am's Action for Damages Following Termination of RDP

Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Mountaineer Gas Company Main Break

The West Virginia Business Court had set a trial date of October 7, 2025, for the matter of *Mountaineer Gas Company v. West Virginia-American Water Company.* Upon motion of the parties, the trial date has been reset to March 16, 2026, to allow for the completion of discovery.

Cybersecurity Incident Consolidated Class Action Lawsuit

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's previously reported October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

The Company has timely submitted to the PFAS MDL its Phase One claim forms pursuant to the Tyco Fire Products LP and BASF Corporation class action settlements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended March 31, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through March 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Approval of CEO Compensation for John C. Griffith

As previously disclosed, on February 19, 2025, the Board of Directors of the Company (the "Board") designated John C. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as its principal executive officer, effective as of the conclusion of the Annual Meeting of Shareholders scheduled to be held on May 14, 2025 (the "Effective Time"). To provide for Mr. Griffith's 2025 compensation in his new role, the independent members of the Board, upon the unanimous recommendation of the Executive Development and Compensation Committee (the "Compensation Committee"), approved all of the following, effective as of the Effective Time: (i) an annual base salary for 2025 of approximately $1,050,000, prorated as of the Effective Time; (ii) a 2025 target award under the Company's Annual Performance Plan, prorated as of the Effective Time, equal to 120% of his then annual base salary; and (iii) additional 2025 Long-Term Performance Plan ("LTPP") restricted stock unit and performance stock unit awards granted under the Company's 2017 Omnibus Equity Compensation Plan, which (a) shall serve to bring Mr. Griffith's total LTPP award opportunity for 2025 to 430% of his annual base salary (prorated as of the Effective Time), (b) will have an aggregate market value on the Effective Date approximately equal to $734,645, and (c) will have customary terms and continued vesting provisions associated with LTPP awards granted to persons in the position of CEO. All of the foregoing compensation was reviewed and recommended for approval by the Compensation Committee based on benchmarking data and other information provided by its independent compensation consultant and is to be received by Mr. Griffith in lieu of his previously approved compensation as President.

Furthermore, Mr. Griffith will continue to participate in the Company's Executive Severance Policy and Change of Control Severance Policy and will continue to be eligible to participate in the Company's employee nonqualified deferred compensation plan and its 401(k) savings plan, and in other of the Company's customary benefits and plans offered or to be offered to senior executives of the Company. Mr. Griffith will also continue to be subject to the Company's executive stock ownership guidelines and stock retention requirements and will remain subject to the requirement thereunder that he own, by August 1, 2029, covered shares of Company common stock with an aggregate market value of at least six times his annual base salary.

On April 30, 2025, the Company and Mr. Griffith executed an employment offer letter to be effective as of the Effective Time, approved unanimously by the independent members of the Board upon the unanimous recommendation of the Compensation Committee, providing for his 2025 compensation as summarized above.

Approval of Board Chair and Committees

On April 30, 2025, upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed director Karl F. Kurz to continue to serve as Board Chair and the following directors to serve as members of the Board's four standing committees, each effective as of the Effective Time, to serve until the 2026 Annual Meeting of Shareholders or until the director's earlier death, resignation or removal:

Board Committee	Members
Audit, Finance and Risk	Jeffrey N. Edwards (Chair), Patricia L. Kampling and Michael L. Marberry
Compensation	Patricia L. Kampling (Chair), Julia L. Johnson, Laurie P. Havanec and Stuart M. McGuigan
Nominating	Julia L. Johnson (Chair), Jeffrey N. Edwards and Michael L. Marberry
Safety, Environmental, Technology and Operations	Michael L. Marberry (Chair), Laurie P. Havanec and Stuart M. McGuigan

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended March 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant.
*10.4	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO).
*10.5	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1.
*10.6	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form A-2 (for CEO, President, COO and CFO).

Exhibit Number	Exhibit Description
*10.7	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-1.
*10.8	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-2 (for CEO, President, COO and CFO).
*10.9	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-1.
*10.10	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-2 (for CEO, President, COO and CFO).
*10.11	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith.
*10.12	Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton.
*10.13	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Service Company, Inc. and Melanie M. Kennedy.
*22.1	Guaranteed Securities.
*31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of April, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraph (c) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be

employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraph (c) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined below), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change

of Control. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan.

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were

credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in Paragraph 3(c) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation

recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock

Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

Exhibit 10.4

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full

calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units

as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be

subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such

determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant,

delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

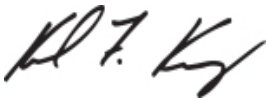
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.5

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(e), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately

forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the

Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any

applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's

discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.6

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of

employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

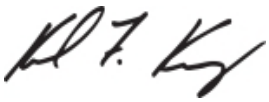
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.7

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

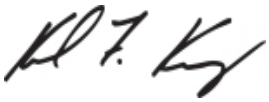
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.9

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

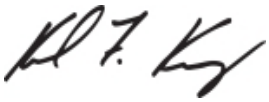
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.11

April 30, 2025

Mr. John Griffith
[REDACTED]
[REDACTED]

Dear John:

On behalf of American Water Works Company, Inc. (the "Company") and its Board of Directors, we are pleased to offer you the position of President and Chief Executive Officer, effective on May 14, 2025 at the conclusion of the Company's annual shareholder meeting. As President and Chief Executive Officer of the Company, you shall have the authority to control the day-to-day operations of the Company and its corporate strategy subject to the Company's Bylaws and Delegation of Authority and any direction and instructions provided by the Company's Board of Directors. The following are the terms and conditions of your employment as the Company's President and Chief Executive Officer.

Base Salary: Your new annual salary will be approximately $1,050,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective May 14, 2025. Your job performance and compensation will be reviewed annually by the Executive Development and Compensation Committee and the independent members of the Board of Directors.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 100% to 120% of your annual base salary for the 2025 cycle and will be prorated based on your new base salary and target percentage level. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and awards are based on several company performance objectives that were agreed upon and approved by the Executive Development and Compensation Committee and the independent members of the Board of Directors.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 340% to 430% of your base salary. Effective May 14, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units as approved by the Executive Development and Compensation Committee and the independent members of the Board of Directors. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) deferral election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Deferred Compensation Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

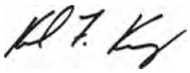
Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We look forward to working with you as President and Chief Executive Officer as you continue to execute on our strategy and grow the Company.

Sincerely,



Karl F. Kurz
Board Chair
American Water

I, John Griffith, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

/s/ JOHN GRIFFITH April 30, 2025
Signature Date

Exhibit 10.12

March 24, 2025

Ms. Lori Sutton
[REDACTED]
[REDACTED]

Dear Lori:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Senior Vice President, Chief Human Resources Officer reporting to John Griffith, President, at our Evansville, Indiana office. The effective date of your new position is April 1, 2025. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Base Salary: Your new annual salary will be approximately $420,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective April 1, 2025. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 45% to 50% of your annual base salary for the 2025 cycle. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 65% to 90% of your base salary. Effective April 1, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and will be an eligible participant under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As you will be a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in future SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position. Please review all attachments and sign the Confidentiality and Intellectual Property Agreements along with this letter.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

/s/ JOHN GRIFFITH

John Griffith
President
American Water

I, Lori Sutton, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

__/s/ LORI SUTTON_____03/24/2025_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confidentiality Policy and Agreement ("Confidentiality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confidential and propriety information and trade secrets. You acknowledge and agree that you are signing this Confidentiality Agreement for good and adequate consideration including your employment by or continuing employment by American Water or one of its subsidiaries (collectively, the "Company"); the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and the Company's willingness to provide you with valuable opportunities, consideration and/or benefits. You further acknowledge that this Confidentially Agreement is in addition to existing American Water policies addressing the handling of sensitive information, cyber and information security.

The Company's Confidentiality Policy

The protection of confidential business information and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confidential information including, without limitation: all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer-related data, marketing plans and strategies, financial information, technical information, technical processes and methods, algorithms, documents relating to any of the foregoing, and other written and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collectively, "Confidential Information"). Confidential Information includes all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if -- (A) the Company has taken reasonable measures to keep such information secret; and (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information. Confidential Information may also be "material, non-public information" as defined by federal securities laws and Company policy, both of which prohibit insider trading. Confidential Information may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analytic models. Confidential Information is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confidential Information must be protected as confidential and not copied, disclosed or used, directly or indirectly, at any time, other than for the Company's benefit (to the extent permitted by law), unless and until such knowledge or information is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such entities who need to know), publish or make use of any Confidential Information without the Company's express prior written consent; provided, however, that nothing shall prohibit or restrict an employee from participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, or any self-regulatory organization (collectively, the "Regulators"). Employees may engage in such activities with the Regulators without notifying or obtaining prior authorization from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confidential or proprietary information as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confidential Information to his or her attorney and may use the trade secret or Confidential Information in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confidential Information at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confidential Information except as required by court order.

Following the cessation of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confidential Information, and they shall not misappropriate, utilize, disclose or infringe upon the Confidential Information of the Company or any of its affiliates (including the recreation or reconstruction of Confidential Information from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confidential or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composition or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in writing. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confidential Information would not interrupt the legitimate business operations of the employee; and (iii) an injunction would not prevent the employee from entering into an employment relationship. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpretation, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with questions regarding this Confidentiality Agreement or the Company's Confidentiality Policy including questions regarding whether any particular information constitutes "Confidential Information," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confidential Information may be subject to disciplinary action, up to and including termination of employment, as well as legal action, even if the employee does not actually benefit from the disclosed information.

You acknowledge that you (a) have carefully read and considered the provisions of this Confidentiality Agreement and the Company's Confidentiality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confidentiality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ LORI SUTTON
Employee Signature

Lori Sutton
Employee Name (Print)

03/24/2025
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inventions you may make or works you may create in connection with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collectively, the "Company") and your treatment of the Company's confidential and proprietary information. You acknowledge and agree that you are signing this Agreement for good and adequate consideration including (a) your employment by or continuing employment by the Company; (b) the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportunities, consideration and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inventions" means any and all inventions, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or portions thereof, databases, trade secrets and proprietary information, documentation, and materials made, created, conceived or reduced to practice by you, whether alone or jointly with others.

a. Your Rights in Inventions

(i) Prior Inventions. In the space provided below, or on a separate sheet attached to this Agreement, you may list all Inventions (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or title in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inventions"). If you do list such Prior Inventions, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Invention that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementation of that portion of the AWIP Product which infringes your Prior Invention, or (ii) you acquiesced or permitted other Company employees to utilize your Prior Invention in the course of their development or implementation of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Invention you do not immediately notify in writing the Company's Legal Department of the Company's infringing use of your Prior Invention and the need for a license thereto. If you do not list a Prior Invention, you acknowledge and agree that no such Prior Inventions exist and, to the extent such Prior Inventions do exist, you waive any and all rights or claims of ownership to such Prior Inventions. You understand that your listing of any Prior Invention(s) here does not constitute an acknowledgment by the Company of the existence or extent of such Prior Invention, nor of your ownership of such Prior Inventions. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distributing.

Prior Inventions (description and identifying number of patent, copyright, or patent or copyright application, if applicable):

Lori Sutton	03/24/2025
Title	Date
N/A	

Brief Description of Invention

ð A separate sheet listing Prior Inventions is attached.

(ii) Future Employee inventions. The Company acknowledges and agrees, in accordance with applicable state law, that any Inventions (a) that you develop entirely on your own time; and (b) that you develop without using the Company's equipment, supplies, facilities, or trade secret information; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the time of conception or reduction to practice, to the Company's business or products, or to the Company's actual or demonstrably anticipated research or development, will be owned entirely by you, even if developed by you during the time period in which you are employed by the Company.

b. AWIP's Rights In Inventions

(i) Assignment of Inventions to AWIP. You agree that all Inventions that (a) are developed using the equipment, supplies, facilities, or Proprietary Information of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to practice during your employment by the Company and relate to the business and products, or to the actual or demonstrably anticipated research or development of the Company ("AWIP Inventions"), are the sole and exclusive property of AWIP, and you hereby assign all your right, title and interest in such AWIP Inventions to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full written disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inventions, and provide access to all notes, materials, source code, or other items related to AWIP Inventions.

(iii) Assignment of Moral Rights to AWIP. In addition, to the extent permitted by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Invention(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of attribution (give credit to the author); and (2) the right of integrity in the AWIP Invention (not do something with an AWIP Invention, such as change or add to it, that would have a negative impact on the author's reputation). You agree to waive and never to assert any such "moral" rights in AWIP Inventions during or after the cessation of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inventions when distributed. You also agree that the Company retains sole discretion with regard to how and for what purposes, if any, such AWIP Invention(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, title and interest, including all intellectual property in and to works.

d. Protection of AWIP Inventions

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protections for AWIP Inventions in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protections.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a relationship of confidence and trust with respect to any information of a confidential, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confidential information of third parties disclosed to the Company. Such confidential, proprietary, and secret information includes, but is not limited to, information and material relating to past, present, or future Inventions, marketing plans, manufacturing and product plans, technical specifications, hardware designs and prototypes, business strategies, financial information, forecasts, personnel information, processes, methods, algorithms, and customer lists, and is referred to collectively in this Agreement as "Proprietary Information."

a. Confidentiality of Proprietary Information. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Information in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Information without the written consent of the Company, except as necessary to perform your duties as an employee of the Company. Upon the cessation of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored information, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored information, materials or copies thereof, or maintain access to such documents, information or materials, through online digital storage services, whether on paper, electronic media or storage devices, magnetic or optical media, or any other medium, containing any Proprietary Information.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Information of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confidential, or proprietary, or secret information of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confidential, proprietary or secret information of your former employer(s) or any other person(s) onto the Company's property or place any such information on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflicting Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupations, consulting or other business activities or commitments competitive with or directly related to the Company's business or products, or to its actual or demonstrably anticipated research or development, nor will you engage in any other activities that conflict with your employment obligations to the Company. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflicting Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your duties as a Company employee or your obligations under this Agreement, and you agree not to enter into any such conflicting agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to notify others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibilities under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory position, except for employees in a supervisory position in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessation of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any action intended to induce Company employees or contractors to terminate their relationship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to continued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of time or interferes with or restricts your right or the Company's right to terminate your employment at any time for any reason and with or without notice, or the Company's right to terminate your employment for just cause in accordance with the applicable collective bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sections 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sections 1, 2 or 4 of this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addition to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall continue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitration or judicial action between the parties relating to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdiction of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representatives, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obligations hereunder to any successor entity to the Company by operation of law or otherwise.

d. Entire Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the entire agreement between you and the Company relating to the subject matter of this Agreement. No modification to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both you and a Company officer. Any subsequent changes in your duties, salary or compensation will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regulations of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

/s/ LORI SUTTON
Employee Signature

03/24/2025
Date

Lori Sutton
Employee Name (Print)

Exhibit 10.13

SEVERANCE AGREEMENT AND GENERAL RELEASE

This Severance Agreement and General Release ("Agreement") is between American Water Works Service Company, Inc. ("American Water" or the "Company") and Melanie Kennedy ("Executive").

WHEREAS, Executive is a full-time executive employee of American Water;

WHEREAS, American Water Works Company, Inc. agreed to a separation from service with Executive effective March 1, 2025 (the "Separation Date");

WHEREAS, the Company maintains the American Water Works Company, Inc. Executive Severance Policy (the "Severance Policy") for certain key executives, Executive is an Eligible Executive, as defined and used in the Severance Policy, and Executive is eligible to receive certain severance payments and benefits under the Severance Policy as set forth herein if Executive signs, does not revoke, and fully complies with this Agreement;

WHEREAS, Executive and American Water have agreed to resolve all claims and potential claims which have been, or could have been, brought by Executive against American Water arising out of Executive's employment with American Water to date;

WHEREAS, Executive and American Water desire to enter into this Agreement to document the terms of the separation of Executive's employment with American Water, with the parties agreeing that neither party admits wrongdoing, fault, or liability whatsoever, and that nothing herein shall be construed or interpreted as an admission of any wrongdoing, fault or liability of either party.

NOW THEREFORE, in consideration of the mutual promises and releases contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Termination of Employment.** Effective as of the Separation Date, (i) Executive's employment with the Company and its subsidiaries and affiliates (collectively, the "Company Group") will terminate in all respects, and (ii) Executive will be deemed to have resigned from any officer position with any member of the Company Group.

2. **Consideration.** Provided that Executive timely signs, does not revoke, and remains fully compliant with the terms of this Agreement, the Company will provide Executive with the following payments and benefits (the "Severance Benefits").

    a. Severance. American Water shall pay to Executive:

        i. In accordance with and as calculated pursuant to the Severance Policy, American Water will pay Executive's current base salary in the amount of $487,953 from the Separation Date through the first anniversary of the

Separation Date (the "Severance Period"), which will be paid according to American Water's regular pay schedule beginning with the first regular pay day following the Effective Date, provided that Executive (i) is not in breach of her obligations under this Agreement, and (ii) this Agreement has become effective pursuant to Section 11(g). This payment will be subject to all applicable and lawful withholdings and deductions. The first installment shall include a catch-up for any amounts that would have otherwise been paid from the Separation Date through the Effective Date of the Agreement.

ii. In addition, the Company shall make an additional supplemental cash payment to Executive of $300,000. This additional supplemental cash payment will be subject to all regular lawful withholdings and deductions and shall be paid in a lump sum within sixty (60) days after the Separation Date, provided that this Agreement has become effective pursuant to Section 11(g).

b. Annual Performance Plan Award. In accordance with and as calculated pursuant to the Severance Policy, Executive will receive a pro rata award under the Company's Annual Performance Plan (the "APP"), to the extent such payments are made under the terms of the applicable APP, to be pro-rated based on the period of time between the start of such performance year and the Separation Date (the "Pro Rata Bonus"). The Company will pay Executive the Pro Rata Bonus, less applicable and lawful withholdings and deductions, at the same time other 2025 awards are paid under the APP, but no later than March 15, 2026.

c. Group Health Insurance. If Executive participates in American Water's group health care plan on Executive's Separation Date and Executive timely elects continuing coverage through COBRA, American Water shall pay both employee and employer portions of the costs associated with maintaining this coverage through COBRA for 12 months, retroactive to April 1, 2025, subject to all regular lawful withholdings and deductions to the extent applicable. This coverage will be the same level of health, dental, and vision care that the Executive and Executive's family received immediately prior to the Separation Date. Thereafter, Executive and any eligible dependents will be entitled to continue health care coverage at Executive's sole expense for the remaining balance of the COBRA coverage period. Executive's right to COBRA health care continuation will be set forth in a separate letter.

d. Employee Assistance Program. In accordance with and as calculated pursuant to the Severance Policy, American Water will provide Executive six (6) months of continued access beginning on April 1, 2025 to the American Water Employee Assistance Program for Executive.

3. **Valid Consideration.** Executive acknowledges and agrees that the Severance Benefits: (i) would not be required by the Company's policies or procedures or by any pre-existing contractual obligation of American Water if the Executive did not enter into this

Agreement and provide the Company the release of claims and other commitments set forth herein, (ii) constitute valid consideration for the Executive's promises and obligations under this Agreement, and (iii) represent complete satisfaction of any and all compensation and benefits due to Executive from the Company, including but not limited to, under the Severance Policy (other than any of Executive's accrued benefits that vested prior to the Separation Date or as otherwise provided in Section 9).

4. **Confidentiality; Non-Disclosure; Return of Property; Disparaging Statements; References.**

a. Confidentiality. Executive understands and agrees that the circumstances of Executive's separation and the fact, terms, and contents of this Agreement shall remain confidential and shall not be disclosed by Executive or Executive's agents and representatives, with the exception of: (1) disclosure to members of Executive's immediate family, Executive's attorneys, accountants, tax or financial advisors, each of who shall be informed of this confidentiality obligation and shall agree to be bound by its terms; (2) disclosure to the Internal Revenue Service or state or local taxing authority; (3) disclosure as is expressly required or protected by law; (4) disclosure by American Water or its parent company, American Water Works Company, Inc., through a press release or in a filing with the Securities and Exchange Commission, or to a national stock exchange; (5) any disclosures made by the Executive pursuant to the whistleblower provisions in the Exchange Act (15 U.S.C. § 78u-6) and the Sarbanes Oxley Act of 2002 (18 U.S.C. § 1514A); or (6) in any action to challenge or enforce the terms of this Agreement provided that such disclosure is covered by an appropriate confidentiality order to the maximum extent permitted by the applicable authority. Nothing contained in this Agreement shall preclude Executive from initiating and/or cooperating fully with any governmental investigation. Executive's confidentiality obligation in this Section 4(a) as to the fact, terms, and contents of the Agreement does not apply if the Agreement becomes publicly available without breach of this Agreement.

b. Non-Disclosure of Confidential Information and Trade Secrets. Executive acknowledges that as an employee of American Water, Executive had access to and was entrusted with the Company's confidential and proprietary business information and trade secrets defined in this Section 4(b)(i). At all times prior to, during, and following Executive's separation from employment with American Water, except as provided in Section 10, Executive represents that she has maintained and agrees that Executive will continue to maintain such information in strict confidence and has not disclosed, used, transferred or sold and will not disclose, use, transfer or sell (directly or indirectly) such information to any third party (except as may be required by law or legal process) so long as such information or proprietary data remains confidential and has not been properly and lawfully disclosed or is not otherwise lawfully in the public domain. Executive further agrees that, at the Company's request, Executive will deliver

and/or provide access to any personal computing device, telephone, hard disk, backup tapes, cloud systems, disks or thumb or flash drives for the Company's review and permit the Company to delete all confidential and proprietary business information and trade secrets contained on such devices.

i. Definition of "Confidential and Proprietary Business Information and Trade Secrets". For purposes of this Agreement, "confidential and proprietary business information and trade secrets" includes, but is not limited to, all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer related data, marketing plans and strategies, financial information, documents relating to any of the foregoing, and other written and oral materials (whether computerized or on hard copy) which are related to the business of the Company and the confidentiality of which the Company attempts to maintain with reasonable efforts and which the Company has not released to the general public.

c. Notice of Immunity for Confidential Disclosure of a Trade Secret to an Attorney, the Government or in a Court Filing. Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret under either of the following conditions:

- Where the disclosure is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or
- Where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. 18 U.S.C. § 1833(b)(1).

Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order. 18 U.S.C. § 1833(b)(2).

d. Return of Property. Executive returned to American Water Executive's Company-issued cell phone, access badge, laptop and other computer equipment, and company credit card. Executive represents that Executive has not retained

any copies of any and all property of the Company or Releasees in Executive's possession or control, including (without limitation) all papers, documents, business plans, project or pipeline information, correspondence, and electronic or digitally stored information containing "confidential and proprietary business information and trade secrets" as defined in Section 4(b)(i).

e. Disparaging Statements. Except as provided in Section 10, Executive agrees not to make written (to include online or other written statements) or oral statements about American Water, its affiliates, or any of the other Releasees (as defined in Section 6(a) below) that are negative or disparaging. The Company agrees to instruct the Executive Leadership Team, defined as of the Agreement's Effective Date, not to make written (to include online or written statements) or oral statements about Executive that are negative or disparaging.

f. References. Executive agrees that all requests for references will be directed solely to the attention of Marty Falkenberg, [REDACTED], and if he is no longer employed by the Company, to the Human Resources Department. Upon any request for a reference, per Company policy, the Company will solely confirm Executive's dates of employment with American Water and positions Executive held with American Water.

g. Taxes. As required by law, the Company will issue the appropriate IRS Form(s) at the appropriate time. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable federal, state or local income or employment tax laws or similar statutes or other provisions of law then in effect. Notwithstanding the foregoing, Executive agrees that (i) Executive shall be solely responsible for all taxes, including, but not limited to, income and excise taxes, imposed on Executive in respect of amounts paid to Executive by the Company under this Agreement; (ii) Executive shall not seek reimbursement from the Company for such taxes; and (iii) Executive agrees to and does hereby indemnify and hold the Company harmless against any and all tax liability, interest, and/or penalties.

5. **Non-Solicitation.**

a. Non-Solicitation.

i. Executive agrees that, during the Severance Period, Executive will not, either alone or in association with others, call on, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to call on or solicit, in any manner, any Client of the Company. "Client" shall mean any corporation, partnership, association, United States military base, or United States (to include federal, state, county or local government) or foreign governmental entity that has or had an account or contract with the Company or any of its

subsidiaries, affiliates or parents during Executive's employment or on the Separation Date regardless of whether Executive has directly worked with such Client.

ii. Executive further agrees that, during the Severance Period, Executive will not directly or indirectly, either alone or in association with others, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit, any employee, contractor or executive of the Company to leave the employ of the Company, or solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit for employment, hire or engage as an independent contractor, any person who was employed by or contracting with the Company at the time of the termination of Executive's employment with the Company; provided that this clause shall not apply to the solicitation, hiring or engagement of any individual whose employment with the Company has been terminated for a period of six (6) months or longer at the time of such solicitation, hiring or employment. Notwithstanding Section 5, Executive is not subject to any non-compete agreement or restriction.

b. Extension of Restrictions. If Executive violates any of the provisions of this Section 5, the duration of the provisions shall automatically be extended, and Executive shall continue to be bound by the restrictions set forth in Section 5 until a period of twelve (12) months has expired without any violation of such provisions.

c. Interpretation. If any restriction set forth in Section 5 is found by any court of competent jurisdiction to be overbroad, such restriction shall be enforceable to the maximum extend permissible by law.

d. Equitable Remedies. The restrictions contained in this Section 5 are necessary for the protection of the business and goodwill of the Company and are considered by Executive to be reasonable for such purpose. Executive agrees that any breach of this Section 5 is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, Executive agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of a bond or other security and without proving actual damages, as well as to an equitable accounting of all earnings, profits and other benefits arising from any violations of this Agreement, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled, including but not limited to liquidated and punitive damages. Executive further agrees that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a temporary restraining order or preliminary or permanent

injunction against the Executive or a court of competent jurisdiction finds that Executive breached the terms of the Agreement, in whole or in part, even if not all requested temporary restraining order or injunctive relief is granted.

6. **General Release of Legal Claims.**

a. Executive, on behalf of Executive and her heirs, executors, administrators, and/or assigns, does hereby release and forever discharge American Water, together with its parents, subsidiaries, affiliates, predecessors, and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, partners, employees, shareholders, insurers and reinsurers, and employee benefit plans (and the trustees, administrators, fiduciaries, insurers, and reinsurers of such plans), past, present and future, and their heirs, executors, administrators, predecessors, successors, and assigns (collectively, "Releasees"), of and from any and all legally waivable claims, causes of actions, suits, lawsuits, debts, and demands whatsoever in law or in equity, known or unknown, suspected or unsuspected, which Executive ever had, now has or which Executive's executors, administrators, or assigns may have from the beginning of time to the date Executive executes this Agreement, and including, without limitation, any claims arising from or relating to Executive's employment relationship with and compensation by American Water, and the termination of such relationship, including, without limitation, any claims arising under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), ADEA, the Employee Retirement Income Security Act ("ERISA"), the Family and Medical Leave Act ("FMLA"), the ADEA, the OWBPA, New Jersey Law Against Discrimination, the New Jersey Civil Rights Act, the New Jersey Conscientious Employee Protection Act, the New Jersey Discrimination in Wages Law, the New Jersey Security and Financial Empowerment Act, the New Jersey Family Leave Insurance provisions of the New Jersey Temporary Disability Benefits Law, the New Jersey Earned Sick Leave Law, the New Jersey Domestic Partnership Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Wage Theft Act, the New Jersey Equal Pay Act, the New Jersey False Claims Act, the New Jersey Smokers' Rights Law, the New Jersey Genetic Privacy Act, the New Jersey Fair Credit Reporting Act, the New Jersey Emergency Responders Employment Protection Act, the New Jersey Millville Dallas Airmotive Plant Job Loss Notification Act (the New Jersey WARN Act), the New Jersey Compassionate Use Medical Cannabis Act, the New Jersey Secure Choice Act, the retaliation provisions of the New Jersey Workers' Compensation Law, and any and all other federal, state, or local constitutional, statutory, regulatory, or common law causes of action now or hereafter recognized, and any claims for attorneys' fees and costs. Nothing in this Agreement shall waive rights or claims that arise after the date that Executive executes this Agreement.

b. Notwithstanding the broad scope of Section 6(a), this Agreement is not intended to bar any claims that, as a matter of applicable law, whether by statute or otherwise, cannot be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, and any claims that arise after the date that the Executive executes this Agreement. Nothing in this Agreement is intended to interfere with, prevent or prohibit Executive from making or asserting: (i) any claim or right Executive may have under COBRA; (ii) any claim or right Executive may have for unemployment insurance or workers' compensation benefits; (iii) any claim to vested benefits under the written terms of a qualified employee pension benefit plan; (iv) any medical claim incurred during Executive's employment that is payable under applicable medical plans or an employer-insured liability plan; (v) any claim or right that may arise after the execution of this Agreement; (vi) any claim or right Executive may have under this Agreement; (vii) any claim that is not otherwise waivable under applicable law; or (viii) any claim or right Employee may have as set forth in Section 10, including the right to file a charge with the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), and similar state or local agencies.

c. Nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

7. **Cooperation.** Executive agrees that Executive shall cooperate with the Company or Releasees in the prosecution or defense of any claim currently pending or hereinafter pursued by or against the Company or Releasees without the payment of any additional compensation other than as set forth in this Agreement. Upon receipt of appropriate supporting documentation, American Water shall reimburse Executive for all of Executive's approved and reasonable costs and expenses incurred in connection with such cooperation. In the case of legal proceedings involving the Company or Releasees, to the extent permissible by law and except as set forth in Section 10, Executive will notify, in writing, the individual then holding the office of General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, of any subpoena or other similar notice to give testimony or provide documentation within two (2) business days of receipt of the same and prior to providing any response thereto. Nothing in this Agreement shall preclude Executive from participating in and fully cooperating with any governmental investigation.

8. **Business Expenses and Compensation.** Executive acknowledges and agrees that (i) should Executive execute and not revoke this Agreement, the consideration set forth in this Agreement is in complete satisfaction of any and all compensation and benefits due to Executive from the Company, and that no further payments, compensation, benefits or other amounts are owed or will be paid to Executive by the Company, unless specifically described in this Agreement; (ii) Executive has been reimbursed by American Water for

all business expenses incurred by Executive and that no other reimbursements are owed to Executive; and (iii) Executive has not suffered any on-the-job injury for which Executive has not already filed a claim.

9. **Accrued Benefits.** In addition to the consideration provided under this Agreement, following the Separation Date, Executive will be entitled to receive (i) any accrued, but unused, vacation as of the Separation Date, which will be paid to Executive on the first Company payroll date that follows the Separation Date; and (ii) any accrued or owing, but not yet paid, vested benefits under the Company's 401(k) plan, pension plan, nonqualified deferred compensation plan, and post-employment retirement plan and any other plan in which Executive may have participated, will be paid to Executive at the times provided under such plans. Any restricted stock units and performance stock unit grants that were granted to Executive under the Company's Long Term Performance Plan ("LTPP") that are outstanding as of the Separation Date will be subject to the terms and conditions of the respective grant agreements covering such grants, and accordingly any unvested awards granted under the LTPP will be forfeited without consideration or further action on the part of the Company or Executive.

10. **Permitted Conduct.** Nothing in this Agreement shall prohibit or restrict Executive from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, filing a charge or complaint with, or otherwise participating, testifying, or assisting in any investigation or proceeding by any governmental or regulatory agency, entity, or official(s) including the EEOC, the NLRB, and the Securities and Exchange Commission (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to Executive individually (and not directed to the Company and/or its subsidiaries) from any such Governmental Authorities; or (c) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Executive is not required to advise or seek permission from the Company before engaging in any such activity. Notwithstanding the foregoing, Executive understands and agrees that, pursuant to this Agreement (i) Executive is waiving any right to recover monetary damages or any other form of personal relief from the Company and Releasees in connection with any such charge, complaint, investigation, or proceeding; and (ii) to the extent Executive receives any personal or monetary relief in connection with any such charge, complaint, investigation, or proceeding, the Company and Releasees will be entitled to an offset for the payments, benefits, and other items of value provided for in Section 2 of this Agreement to the fullest extent permitted by law; ***provided, however,*** that this Agreement does not impact Executive's ability to receive and retain an award from a government-administered whistleblower award program for providing information directly to a government agency. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

11. **Acknowledgements.** Executive hereby certifies and acknowledges that:

a. Executive has read the terms of this Agreement and that Executive understands its terms and effects, including the fact that Executive has agreed to **REMISE, RELEASE, AND FOREVER DISCHARGE** Releasees from all claims set forth in Section 6(a);

b. Executive is receiving consideration which is in addition to anything of value to which Executive otherwise would have been entitled had Executive not executed this Agreement;

c. Executive enters into this Agreement knowingly and voluntarily without any coercion on the part of any person or entity;

d. Executive was given adequate time to consider all implications and to freely and fully consult with and seek the advice of whomever Executive deemed appropriate;

e. Executive was advised in writing, by way of this Agreement, to consult an attorney before signing this Agreement;

f. Executive has been given twenty-one (21) calendar days within which to consider this Agreement (the "Consideration Period") and, in the event that Executive signs this Agreement and returns it back to the Company during this Consideration Period, said signing constitutes a knowing and voluntary waiver of this Consideration Period. Executive further understands that any changes to this Agreement, whether material or immaterial, do not restart the Consideration Period;

g. After Executive executes this Agreement, Executive has a period of seven (7) calendar days within which Executive may revoke this Agreement (the "Revocation Period"). If the seventh day is a weekend or national holiday, Executive has until the next business day to revoke. If Executive elects to revoke, Executive shall notify Stacy Mitchell, General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, [REDACTED], in writing of Executive's revocation. Unless revoked within this period, this Agreement becomes effective on the eighth (8^{th}) day after Executive signs the Agreement (the "Effective Date");

h. Executive understands that she will not be entitled to receive the Severance Benefits unless and until (i) Executive executes this Agreement within the Consideration Period, but no earlier than the Separation Date; (ii) the seven (7) day Revocation Period expires without Executive having exercised Executive's

right of revocation; and (iii) Executive has complied with her obligations under the Agreement; and

i. Executive does not waive rights or claims that may arise after the date this Agreement is executed.

12. **Indemnification and Similar Rights.** Nothing contained in this Agreement shall be construed to alter, limit, or release any right to indemnification, advanced payment of expenses, or similar rights that the Executive may have pursuant to the Company's bylaws, other governance instruments, insurance coverage, or applicable law relating to actions by the Executive on behalf of the Company within the scope of and during the course of her employment with the Company.

13. **Section 409A.** To the extent applicable, this Agreement is intended to comply with, or be exempt from, the applicable provisions of section 409(A) of the Internal Revenue Code (the "Code"). Accordingly, all provisions herein are intended to be construed and interpreted to comply with section 409A of the Code or an exemption therefrom. Further, for purposes of section 409A of the Code, it is intended that each payment provided for hereunder, including each payment under a right to receive installment payments, be treated as a separate payment. Executive agrees and understands that neither the Company nor any of the other Releasees (i) have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to section 409A of the Code and (ii) makes or has made any representation, warranty or guarantee to Executive of compliance under section 409A of the Code.

14. **General Terms.**

a. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, two (2) business days after the date when sent to the recipient by reputable express courier service (charges prepaid) or four (4) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications shall be sent to Executive and to the Company at the addresses set forth below:

If to Executive:

Melanie Kennedy, at the address on file in the Company's payroll records

If to Company:

Stacy Mitchell
Executive Vice President, General Counsel
American Water Works Service Company, Inc.

1 Water Street
Camden, NJ 08102

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

b. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding concerning Executive's employment and termination thereof, and the other subject matters addressed herein between the parties and supersedes and replaces all prior negotiations and all prior agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof.

c. Modification. This Agreement can be modified only by a writing signed by both Executive and a named officer of the Company.

d. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the Company and Executive. Executive has not purported to assign any rights or obligations under this Agreement at the time of its execution.

e. Interpretation of Agreement. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. Notwithstanding, the foregoing, if the release is deemed unenforceable then Executive shall not be entitled to the consideration provided by this Agreement, which shall be repaid to the Company.

f. Choice of Law and Forum. This Agreement shall be governed by the substantive law of the state of New Jersey without regard to its conflict of law rules.

g. Arbitration. The parties acknowledge and agree that the Company is engaged in interstate commerce. The Federal Arbitration Act applies to this Agreement and shall govern the interpretation, enforcement, and arbitrability of claims under this Agreement. The parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in Camden County, New Jersey, to the extent permitted by applicable law ("Covered Claims"). The parties understand and agree that the arbitration shall be conducted by JAMS in accordance with the JAMS Employment Arbitration Rules and Procedures and the JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness in effect at the time the dispute arises to the extent not inconsistent with the terms of this

Agreement ("JAMS Rules"), provided, however, that the arbitrator shall allow the discovery authorized under the governing law as set forth below for a state court proceeding. The arbitrator shall render a written award and opinion. The JAMS Rules may be found on the Internet at www.jamsadr.com. The demand for arbitration must be filed within the statute of limitations applicable to the claim on which arbitration is sought. To the extent permitted by law, all claims covered by this Section 14(g) must be brought and pursued in arbitration on an individual basis, meaning for injuries or violations directly experienced by the parties themselves. The parties waive any right to class or collective procedures, which means that they waive any right to litigate in court or in arbitration on a class or collective basis. The parties agree that they will not submit, initiate, or participate in any litigation on a class or collective basis. The parties also agree that the arbitrator will have no power to adjudicate or award remedies for violations and/or injuries that a party to the arbitration did not directly experience itself. Claims may not be joined or consolidated in arbitration with disputes brought by other individual(s) or for violations suffered by other individual(s), unless agreed to in writing by all parties. Similarly, no arbitration award or decision will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to the arbitration. If, for any reason, any portion of the above waivers of claim joinder and to not proceed on a class/collective basis are held unenforceable or invalid, then a court of competent jurisdiction, not an arbitrator, will decide the claim or portion of the claim which was held unenforceable, provided that if any portion of the waiver remains valid, the claim will be heard and enforced in arbitration. Further, all individual Covered Claims will remain subject to arbitration. Any claim that must be decided in court pursuant to this provision shall be stayed until the arbitration is concluded unless such stay is contrary to applicable law. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The parties agree that the Company will pay reasonable arbitration fees, except that if Executive initiates a claim (other than for non-payment under the Agreement), Executive will pay any required filing fee up to a maximum of either $400 or the amount required to initiate a claim in court (whichever is lower). Each party shall separately pay for its respective counsel fees and expenses. The arbitrator will not have authority to award attorneys' fees unless a statute or contract at issue in the dispute authorizes the award of attorneys' fees to the prevailing party, in which case the arbitrator shall have the authority to make an award of attorneys' fees as required or permitted by applicable law. The parties agree that the Company will have 30 days after the date an invoice is received for amounts owed to the arbitrator to pay arbitration fees that the Company does not contest. As to arbitration fees the Company does contest, the parties agree that the Company must submit a dispute within 30 days after receiving the invoice or it must pay the invoice. Arbitration fees for hearing the dispute will not be due from the arbitration service more than 45 days before commencement of the hearing. The

parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. Notwithstanding the foregoing, this section will not prevent either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of their dispute relating to this Agreement and any agreements incorporated herein by reference. Should any part of the arbitration agreement contained in this section conflict with any other arbitration agreement between the parties, the parties agree that this arbitration agreement shall govern.

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The Company and Executive have carefully read and understand all of the provisions of this Agreement. They enter into this Agreement freely, knowingly, and voluntarily. In entering into this Agreement, neither the Company nor Executive is relying upon any representations or promises not expressly set forth in this Agreement. Intending to be legally bound to this Agreement, the Company's representative and Executive sign their names below.

Executive is not permitted to sign this Agreement until March 1, 2025. If Executive signs this Agreement on or before March 1, 2025, it will be disregarded and will need to be re-signed. None of the consideration described in this Agreement will be provided to the Executive unless the Agreement is properly executed.

/s/ STACY MITCHELL	/s/ MELANIE KENNEDY
Stacy Mitchell Executive Vice President General Counsel American Water Works Service Company, Inc.	Melanie Kennedy
Dated: March 22, 2025	Dated: March 14, 2025

[***Severance Agreement and General Release – Signature Page***]

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)
April 30, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 30, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 21, 2025
Common Stock, par value $0.01 per share	**195,011,615**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;

- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 35,466	$ 35,059
Accumulated depreciation	(7,089)	(7,021)
Property, plant and equipment, net	28,377	28,038
Current assets:		
Cash and cash equivalents	114	96
Restricted funds	18	29
Accounts receivable, net of allowance for uncollectible accounts of $57 and $53, respectively	380	416
Income tax receivable	23	25
Unbilled revenues	332	315
Materials and supplies	107	103
Other	220	231
Total current assets	1,194	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,162	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,144	1,144
Other	397	399
Total regulatory and other long-term assets	3,585	3,577
Total assets	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,512,663 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,611	8,598
Retained earnings	2,317	2,112
Accumulated other comprehensive income	2	12
Treasury stock, at cost (5,501,396 and 5,451,216 shares, respectively)	(398)	(392)
Total common shareholders' equity	10,534	10,332
Long-term debt	13,318	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,321	12,521
Total capitalization	23,855	22,853
Current liabilities:		
Short-term debt	999	879
Current portion of long-term debt	114	637
Accounts payable	240	346
Accrued liabilities	539	791
Accrued taxes	228	156
Accrued interest	131	111
Other	196	230
Total current liabilities	2,447	3,150
Regulatory and other long-term liabilities:		
Advances for construction	396	383
Deferred income taxes and investment tax credits	2,936	2,881
Regulatory liabilities	1,400	1,416
Operating lease liabilities	75	76
Accrued pension expense	212	217
Other	252	277
Total regulatory and other long-term liabilities	5,271	5,250
Contributions in aid of construction	1,583	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 33,156	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185
Basic earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Diluted earnings per share:		
Net income attributable to common shareholders	$ 1.05	$ 0.95
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
Net income attributable to common shareholders	$ 205	$ 185
Other comprehensive (loss) income, net of tax:		
Unrealized (loss) gain on cash flow hedges, net of tax of $(3) and $3 for the three months ended March 31, 2025 and 2024, respectively	(8)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of $(1) and $1 for the three months ended March 31, 2025 and 2024, respectively	(2)	(1)
Net other comprehensive (loss) income	(10)	18
Comprehensive income attributable to common shareholders	$ 195	$ 203

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 205	$ 185
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Provision for losses on accounts receivable	10	5
Pension and non-pension postretirement benefits	(2)	—
Other non-cash, net	(21)	4
Changes in assets and liabilities:		
Receivables and unbilled revenues	25	(2)
Income tax receivable	2	60
Pension contributions	(11)	(11)
Accounts payable and accrued liabilities	(131)	(61)
Accrued taxes	73	24
Other assets and liabilities, net	(51)	(18)
Net cash provided by operating activities	331	382
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(548)	(609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	(568)	(733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	810	1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Advances and contributions in aid of construction, net of refunds of $9 for the three months ended March 31, 2025 and 2024	13	3
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other, net	(4)	(1)
Net cash provided by financing activities	254	613
Net increase in cash, cash equivalents and restricted funds	17	262
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 157	$ 626
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 298	$ 422

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of March 31, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of $16 million. The Company sold the tax credits to an external party for $15 million. As of March 31, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended March 31:

	2025	2024
Cash and cash equivalents	$ 114	$ 584
Restricted funds	18	42
Restricted funds included in other long-term assets	25	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 157	$ 626

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the three months ended March 31:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(10)	(5)
Amounts written off	6	7
Balance as of March 31	$ (57)	$ (49)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 560	$ —	$ 560
Commercial	212	—	212
Fire service	45	—	45
Industrial	45	—	45
Public and other	67	—	67
Total water services	929	—	929
Wastewater services:			
Residential	68	—	68
Commercial	18	—	18
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	101	—	101
Miscellaneous utility charges	11	—	11
Alternative revenue programs	—	6	6
Lease contract revenue	—	2	2
Total Regulated Businesses	1,041	8	1,049
Other	93	—	93
Total operating revenues	$ 1,134	$ 8	$ 1,142

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 502	$ 2	$ 504
Commercial	186	1	187
Fire service	41	—	41
Industrial	42	—	42
Public and other	55	1	56
Total water services	826	4	830
Wastewater services:			
Residential	59	—	59
Commercial	16	—	16
Industrial	2	—	2
Public and other	8	—	8
Total wastewater services	85	—	85
Miscellaneous utility charges	9	—	9
Alternative revenue programs	—	2	2
Lease contract revenue	—	2	2
Total Regulated Businesses	920	8	928
Other	83	—	83
Total operating revenues	$ 1,003	$ 8	$ 1,011

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $103 million and $84 million are included in unbilled revenues on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract assets of $36 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Contract liabilities of $29 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Also, contract liabilities of $25 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively. Revenues recognized for the three months ended March 31, 2025 and 2024, from amounts included in contract liabilities were $22 million and $21 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of March 31, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of March 31, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $585 million as of March 31, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the three months ended March 31, 2025, the Company closed one asset acquisition of a regulated water system for a purchase price of $2 million, which added approximately 300 water customers. Assets acquired from this acquisition, utility plant, totaled $2 million.

The pro forma impact of the Company's acquisitions was not material to the Consolidated Statements of Operations for the periods ended March 31, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of March 31, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million and $17 million of interest income during the three months ended March 31, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive loss by component, net of tax, for the three months ended March 31, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive income (loss) before reclassifications	—	—	—	(8)	2	(6)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	—	(4)	(4)
Net other comprehensive loss	—	—	—	(8)	(2)	(10)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Net other comprehensive income (loss)	—	—	—	19	(1)	18
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On March 4, 2025, the Company paid a quarterly cash dividend of $0.7650 per share to shareholders of record as of February 7, 2025.

On April 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on June 3, 2025, to shareholders of record as of May 13, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the three months ended March 31, 2025, the Company's regulated subsidiaries issued in the aggregate $13 million of private activity bonds and government funded debt in multiple transactions with no annual interest and maturity dates ranging from 2025 through 2028. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the three months ended March 31, 2025, were collateralized. During the three months ended March 31, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, or repaid at maturity, $531 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 3.41%, and maturity dates ranging from 2025 to 2061.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. A portion of the net proceeds was used to repay AWCC's commercial paper obligations and the remainder was used for general corporate purposes. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1.0 billion and $880 million as of March 31, 2025, and December 31, 2024, respectively, or net of discount $999 million and $879 million as of March 31, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively. At March 31, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 24.1% and 23.6% for the three months ended March 31, 2025 and 2024. The increase in the Company's effective income tax rate for the three months ended March 31, 2025, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. As of March 31, 2025, the Company has a CAMT credit carryforward of $132 million.

On September 12, 2024, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2024-66, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins during 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended March 31,	
	2025	2024
Components of net periodic pension benefit cost:		
Service cost	$ 3	$ 5
Interest cost	21	21
Expected return on plan assets	(22)	(24)
Amortization of prior service credit	(1)	(1)
Amortization of actuarial loss	5	6
Net periodic pension benefit cost	$ 6	$ 7
Components of net periodic other postretirement benefit credit:		
Service cost	$ —	$ 1
Interest cost	3	3
Expected return on plan assets	(3)	(3)
Amortization of prior service credit	(8)	(8)
Net periodic other postretirement benefit credit	$ (8)	$ (7)

The Company contributed $11 million for the funding of its defined benefit pension plans for the three months ended March 31, 2025 and 2024. The Company expects to make additional pension contributions to the plan trusts of $33 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of March 31, 2025, the Company has accrued approximately $17 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. Under the terms of the agreement in principle and any subsequent proposed settlement agreement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through this settlement will depend upon the claims submitted and approved through a claims process to be negotiated by the parties and approved by the Circuit Court. The parties will next negotiate and enter into a proposed settlement agreement based on the terms of the agreement in principle, and the proposed settlement agreement will be subject to preliminary and final approvals by the Circuit Court.

The final amount of the Company's and WVAWC's contributions to the settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed $5 million. As a result, the Company recorded a charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax) in the fourth quarter of 2024. The Company intends to fund its and WVAWC's contributions to the settlement through existing sources of liquidity, although no contribution by the Company or WVAWC to the settlement will be funded unless and until, and to the extent required by, a proposed settlement agreement that has been entered into by the parties and finally approved by the Circuit Court.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $290 million in aggregate costs as of March 31, 2025, related to the Water Supply Project, which includes $92 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to comment and the issuance by the CPUC of a final decision, that would authorize an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $112 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its 2016 and December 2022 final decisions, as amended by its March 30, 2023 rehearing decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On March 28, 2025, the court issued an intended decision to deny the joint petition in full. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended March 31,	
	2025	2024
Numerator:		
Net income attributable to common shareholders	$ 205	$ 185
Denominator:		
Weighted-average common shares outstanding—Basic	195	195
Effect of dilutive common stock equivalents	—	—
Weighted-average common shares outstanding—Diluted	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three months ended March 31, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of March 31, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $797 million and $793 million as of March 31, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of March 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,432	10,570	1,053	664	12,287

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 43	$ —	$ —	$ 43
Rabbi trust investments	28	—	—	28
Deposits	7	—	—	7
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	77	7	—	84
Mark-to-market derivative asset	—	10	—	10
Total assets	176	17	—	193
Liabilities:				
Deferred compensation obligations	33	—	—	33
Total liabilities	33	—	—	33
Total assets	$ 143	$ 17	$ —	$ 160

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $25 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $75 million and $71 million in other current assets, as of March 31, 2025, and December 31, 2024, respectively, and $30 million and $44 million in other long-term assets, as of March 31, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of March 31, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 84	$ 1	$ 1	$ 84

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of March 31, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 47
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 84

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of March 31, 2025, and December 31, 2024. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $3 million in 2025, $4 million in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for the three months ended March 31, 2025 and 2024, respectively.

For the three months ended March 31, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million. For the three months ended March 31, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $3 million.

As of March 31, 2025, the weighted-average remaining lease term of the operating leases was 17 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of March 31, 2025, were $9 million in 2025, $11 million in 2026, $10 million in 2027, $8 million in 2028, $7 million in 2029, and $85 million thereafter. As of March 31, 2025, imputed interest was $47 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended March 31, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,049	$ 93	$ 1,142
Less:			
Operation and maintenance (a)	395	73	468
Other segment items (b)	67	(1)	66
Depreciation and amortization	213	3	216
Interest expense	114	30	144
Interest income	(1)	(21)	(22)
Provision for income taxes	60	5	65
Net income attributable to common shareholders	$ 201	$ 4	$ 205
Total assets	$ 30,288	$ 2,868	$ 33,156
Cash paid for capital expenditures	$ 545	$ 3	$ 548

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended March 31, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 928	$ 83	$ 1,011
Less:			
Operation and maintenance (a)	351	65	416
Other segment items (b)	61	4	65
Depreciation and amortization	184	4	188
Interest expense	97	27	124
Interest income	(3)	(21)	(24)
Provision for income taxes	53	4	57
Net income attributable to common shareholders	$ 185	$ —	$ 185
Total assets	$ 27,807	$ 3,279	$ 31,086
Cash paid for capital expenditures	$ 603	$ 6	$ 609

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three months ended March 31, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.05, an increase of $0.10, as compared to the same period in the prior year. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three months ended March 31, 2025 and 2024, include incremental interest income of $0.03 and $0.02 per share, respectively, resulting from the early 2024 amendment to the secured seller note from the sale of the former HOS business.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately $3.3 billion in these growth strategies in 2025. During the first three months of 2025, the Company invested $518 million, in the Regulated Businesses, as discussed below.

- $515 million capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $3 million to fund an acquisition in the Regulated Businesses, which added approximately 300 customers.
- Approximately 4,000 new customers were added through organic growth in existing systems.

As of March 31, 2025, the Company had entered into 18 agreements with a total aggregate purchase price of $123 million for pending acquisitions in the Regulated Businesses, to add approximately 29,000 additional customers. In April 2025, the Company completed two acquisitions of regulated water systems for a total aggregate purchase price of $6 million, which added approximately 1,850 water customers and entered into two agreements with a total aggregate purchase price of $45 million for pending acquisitions in the Regulated Businesses, to add approximately 10,200 additional customers.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company. See Part II, Item 1—Legal Proceedings—Cybersecurity Incident Consolidated Class Action Lawsuit.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Virginia	February 24, 2025 (a)	$ 15
Tennessee	January 21, 2025	1
California, Step Increase	January 1, 2025	17
Illinois	January 1, 2025	105
Total general rate case authorizations		$ 138

(a) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024, joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made and to be made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments made and to be made by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission ("CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The general rate case order denied the second step increase of $16 million. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments made and to be made by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism.

Pending General Rate Case Filings

On August 2, 2024, the Company's Hawaii subsidiary filed a general rate case requesting approximately $2 million in annualized incremental revenues, which is based on a proposed return on equity of 10.67% and a capital structure with an equity component of 52.11% and debt component of 47.89%. The requested annualized incremental revenue is driven primarily by approximately $41 million in capital investments made and to be made by the Hawaii subsidiary through 2025. On April 25, 2025, the Hawaii subsidiary filed with the Hawaii Public Utilities Commission (the "HPUC") a partial settlement, reached with the Division of Consumer Advocacy, in its general rate case. The partial settlement agrees to an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. The settlement remains subject to HPUC review and approval and the Hawaii subsidiary expects a decision mid-year in 2025.

On July 1, 2024, the Company's Missouri subsidiary filed a general rate case requesting approximately $148 million in annualized incremental revenues. The original request was based on a return on equity of 10.75% and a capital structure with an equity component of 50.54% and a long-term debt component of 49.46%, and was driven primarily by $1.5 billion of incremental capital investments completed and planned by the Missouri subsidiary from January 2023 through May 2026. On July 31, 2024, the Missouri Public Service Commission (the "MoPSC") issued an order establishing the test year in this case, which modified the Missouri subsidiary's original proposal for a future test year through May 2026, and instead reverted to a true-up period through December 31, 2024, with an allowance for proposed discrete adjustments subsequent to that date. On September 6, 2024, the Missouri subsidiary filed supplemental testimony to revise the request to approximately $123 million in annualized incremental revenues (excluding infrastructure surcharges) and to define the specific discrete adjustments proposed through the rate effective period, which lowered the incremental capital investments completed and planned to $1.1 billion through May 2025. In February 2025, the Missouri subsidiary filed an additional request for recovery of defined infrastructure investments, which adjusted the infrastructure surcharges to $63 million, and, in turn, decreased the amount of incremental annualized revenue (excluding such infrastructure surcharges) to approximately $107 million. On March 17, 2025, the Missouri subsidiary entered into a stipulation and agreement (the "Stipulation") with, among other parties, the staff of the MoPSC and the Office of the Public Counsel, as to an annualized increase of approximately $63 million in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The Stipulation is subject to review and approval by the MoPSC, which is anticipated in the second quarter of 2025, and, if approved, new rates are expected to be effective by May 31, 2025.

On May 1, 2024, the Company's Iowa subsidiary filed a general rate case requesting approximately $21 million in additional annualized revenues, which is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 52.57% and debt component of 47.43%. The requested annualized revenue increase is driven primarily by approximately $157 million in capital investments made and to be made by the Iowa subsidiary through March 2026. Interim rates became effective May 11, 2024, with the difference between interim and final approved rates subject to refund. On August 29, 2024, the Iowa subsidiary submitted supplemental testimony consistent with the procedural schedule, which was subsequently challenged by the parties in the proceeding. On October 4, 2024, the Iowa Utilities Commission issued an order that granted the inclusion of the supplemental filing and extended the procedural schedule in the case beyond the statutory ten-month period. The Iowa subsidiary expects resolution of this proceeding by the end of May 2025.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Missouri	February 7, 2025	$ 17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 23

Pending Infrastructure Surcharge Filings

On April 15, 2025, the Company's New Jersey subsidiary filed an infrastructure surcharge proceeding requesting $15 million in additional annualized revenues.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended March 31,	
(In millions)	2025	2024
Operating revenues	$ 1,142	$ 1,011
Operating expenses:		
Operation and maintenance	468	416
Depreciation and amortization	216	188
General taxes	87	81
Total operating expenses, net	771	685
Operating income	371	326
Other (expense) income:		
Interest expense	(144)	(124)
Interest income	22	24
Non-operating benefit costs, net	4	9
Other, net	17	7
Total other (expense) income	(101)	(84)
Income before income taxes	270	242
Provision for income taxes	65	57
Net income attributable to common shareholders	$ 205	$ 185

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 1,049	$ 928
Operation and maintenance	395	351
Depreciation and amortization	213	184
General taxes	81	76
Other income (expense)	(99)	(79)
Provision for income taxes	60	53
Net income attributable to common shareholders	$ 201	$ 185

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended March 31, 2025	2024
Water services:		
Residential	$ 560	$ 504
Commercial	212	187
Fire service	45	41
Industrial	45	42
Public and other	73	58
Total water services	935	832
Wastewater services:		
Residential	68	59
Commercial	18	16
Industrial	5	2
Public and other	10	8
Total wastewater services	101	85
Other (a)	13	11
Total operating revenues	$ 1,049	$ 928

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended March 31, 2025	2024
Billed water services volumes:		
Residential	34,691	34,414
Commercial	17,197	17,291
Industrial	8,654	8,337
Fire service, public and other	12,392	11,116
Total billed water services volumes	72,934	71,158

For the three months ended March 31, 2025, operating revenues increased $121 million, primarily due to a $97 million increase from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states and a $14 million increase from water and wastewater acquisitions, as well as organic growth in existing systems. In addition, operating revenues were higher for the three months ended March 31, 2025, in the Company's California subsidiary, primarily due to an increase in customer demand and change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Employee-related costs	$ 149	$ 135
Production costs	106	102
Operating supplies and services	72	63
Maintenance materials and supplies	29	22
Customer billing and accounting	20	14
Other	19	15
Total operation and maintenance expense	$ 395	$ 351

For the three months ended March 31, 2025, operation and maintenance expense increased $44 million, due to increases from employee-related costs to support growth and acquisitions completed in 2024. In addition, operation and maintenance expense was higher due to increased production costs primarily from higher power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other operating expenses.

Depreciation and Amortization

For the three months ended March 31, 2025, depreciation and amortization increased $29 million, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three months ended March 31, 2025, general taxes increased $5 million, primarily due to incremental property and capital stock taxes.

Other Expenses

For the three months ended March 31, 2025, other expenses increased $20 million, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three months ended March 31, 2025, the Regulated Businesses' provision for income taxes increased $7 million. The Regulated Businesses' effective income tax rate was 23.0% and 22.3% for the three months ended March 31, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended March 31, 2025	2024
Operating revenues	$ 93	$ 83
Operation and maintenance	73	65
Depreciation and amortization	3	4
General taxes	6	5
Interest expense	(30)	(27)
Interest income	21	21
Other income	7	1
Provision for income taxes	5	4
Net income attributable to common shareholders	$ 4	$ —

Operating Revenues

For the three months ended March 31, 2025, operating revenues increased $10 million, from an increase in capital projects in MSG and the Contract Services Group ("CSG").

Operation and Maintenance

For the three months ended March 31, 2025, operation and maintenance expense increased $8 million, primarily due to costs associated with MSG and CSG projects.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of April 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of April 30, 2025:

- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and will become effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the Indiana Utility Regulatory Commission to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and will become effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,000)	(84)	(1,084)
Remaining availability as of March 31, 2025	$ 1,600	$ 66	$ 1,666

(a) Total remaining availability of $1.7 billion as of March 31, 2025, was accessible through revolver draws.

	As of December 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2025	$ 114	$ 1,666	$ 1,780
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.63% and 4.65% at March 31, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of March 31, 2025, the Company had three treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $130 million, to reduce interest rate exposure on any future debt issuances in 2025. These treasury lock agreements terminate in June 2025 and December 2025 and have an average fixed interest rate of 4.12%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Net income	$ 205	$ 185
Add (less):		
Depreciation and amortization	216	188
Deferred income taxes and amortization of investment tax credits	16	8
Other non-cash activities (a)	(13)	9
Changes in assets and liabilities (b)	(82)	3
Pension contributions	(11)	(11)
Net cash provided by operating activities	$ 331	$ 382

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the three months ended March 31, 2025, cash flows provided by operating activities decreased $51 million, due to normal business operations, primarily relating to decreases in accounts payable and accrued liabilities, partially offset by an increase in net income.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (548)	$ (609)
Acquisitions, net of cash acquired	(3)	(86)
Removal costs from property, plant and equipment retirements, net	(29)	(38)
Purchases of available-for-sale fixed-income securities	(27)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	39	—
Net cash used in investing activities	$ (568)	$ (733)

For the three months ended March 31, 2025, cash flows used in investing activities decreased $165 million, primarily due to lower capital expenditures and fewer acquisitions in the current period. The Company plans to invest approximately $3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Three Months Ended March 31, 2025	2024
Proceeds from long-term debt, net of discount	$ 810	$ 1,391
Repayments of long-term debt	(531)	(449)
Net short-term borrowings (repayments) with original maturities less than three months	120	(179)
Debt issuance costs	(5)	(14)
Dividends paid	(149)	(138)
Other financing activities, net (a)	9	2
Net cash provided by financing activities	$ 254	$ 613

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the three months ended March 31, 2025, cash flows provided by financing activities decreased $359 million, primarily due to lower proceeds from the issuance of long-term debt and higher repayments of long-term debt. These decreases were partially offset by higher short-term commercial paper borrowings in the current period, compared to repayments of commercial paper in the prior period.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On March 31, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of April 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on April 4, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

The CPUC's March 2023 final decision provides Cal Am with an opportunity to increase its cost cap (currently set at a total of $112 million) for certain of the Water Supply Project's extraction wells. On April 10, 2025, the CPUC issued a proposed decision, which remains subject to the issuance of a final decision, that would authorize an increase of $11 million to this cost cap for the specified extraction wells.

Coastal Development Permit Application

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements have been filed identifying issues believed to have not been addressed in the intended decision. Cal Am has been given until April 29, 2025, to respond to these statements.

Cal Am's Action for Damages Following Termination of RDP

Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision.

Mountaineer Gas Company Main Break

The West Virginia Business Court had set a trial date of October 7, 2025, for the matter of *Mountaineer Gas Company v. West Virginia-American Water Company.* Upon motion of the parties, the trial date has been reset to March 16, 2026, to allow for the completion of discovery.

Cybersecurity Incident Consolidated Class Action Lawsuit

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's previously reported October 2024 cybersecurity incident, captioned *Johnsen et al. v. American Water Works Company, Inc.*, agreed to voluntarily dismiss the consolidated lawsuit without prejudice. On March 21, 2025, the parties filed a stipulation to that effect. An order of voluntary dismissal was entered by the U.S. District Court for the District of New Jersey on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

The Company has timely submitted to the PFAS MDL its Phase One claim forms pursuant to the Tyco Fire Products LP and BASF Corporation class action settlements.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended March 31, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through March 31, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Approval of CEO Compensation for John C. Griffith

As previously disclosed, on February 19, 2025, the Board of Directors of the Company (the "Board") designated John C. Griffith, the Company's President, to serve as the Company's President and Chief Executive Officer and as its principal executive officer, effective as of the conclusion of the Annual Meeting of Shareholders scheduled to be held on May 14, 2025 (the "Effective Time"). To provide for Mr. Griffith's 2025 compensation in his new role, the independent members of the Board, upon the unanimous recommendation of the Executive Development and Compensation Committee (the "Compensation Committee"), approved all of the following, effective as of the Effective Time: (i) an annual base salary for 2025 of approximately $1,050,000, prorated as of the Effective Time; (ii) a 2025 target award under the Company's Annual Performance Plan, prorated as of the Effective Time, equal to 120% of his then annual base salary; and (iii) additional 2025 Long-Term Performance Plan ("LTPP") restricted stock unit and performance stock unit awards granted under the Company's 2017 Omnibus Equity Compensation Plan, which (a) shall serve to bring Mr. Griffith's total LTPP award opportunity for 2025 to 430% of his annual base salary (prorated as of the Effective Time), (b) will have an aggregate market value on the Effective Date approximately equal to $734,645, and (c) will have customary terms and continued vesting provisions associated with LTPP awards granted to persons in the position of CEO. All of the foregoing compensation was reviewed and recommended for approval by the Compensation Committee based on benchmarking data and other information provided by its independent compensation consultant and is to be received by Mr. Griffith in lieu of his previously approved compensation as President.

Furthermore, Mr. Griffith will continue to participate in the Company's Executive Severance Policy and Change of Control Severance Policy and will continue to be eligible to participate in the Company's employee nonqualified deferred compensation plan and its 401(k) savings plan, and in other of the Company's customary benefits and plans offered or to be offered to senior executives of the Company. Mr. Griffith will also continue to be subject to the Company's executive stock ownership guidelines and stock retention requirements and will remain subject to the requirement thereunder that he own, by August 1, 2029, covered shares of Company common stock with an aggregate market value of at least six times his annual base salary.

On April 30, 2025, the Company and Mr. Griffith executed an employment offer letter to be effective as of the Effective Time, approved unanimously by the independent members of the Board upon the unanimous recommendation of the Compensation Committee, providing for his 2025 compensation as summarized above.

Approval of Board Chair and Committees

On April 30, 2025, upon the recommendation of the Nominating/Corporate Governance Committee of the Board (the "Nominating Committee"), the Board appointed director Karl F. Kurz to continue to serve as Board Chair and the following directors to serve as members of the Board's four standing committees, each effective as of the Effective Time, to serve until the 2026 Annual Meeting of Shareholders or until the director's earlier death, resignation or removal:

Board Committee	Members
Audit, Finance and Risk	Jeffrey N. Edwards (Chair), Patricia L. Kampling and Michael L. Marberry
Compensation	Patricia L. Kampling (Chair), Julia L. Johnson, Laurie P. Havanec and Stuart M. McGuigan
Nominating	Julia L. Johnson (Chair), Jeffrey N. Edwards and Michael L. Marberry
Safety, Environmental, Technology and Operations	Michael L. Marberry (Chair), Laurie P. Havanec and Stuart M. McGuigan

Adoption or Termination of Rule 10b5-1 Plans and Non-Rule 10b5-1 Trading Arrangements

During the three months ended March 31, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant.
*10.4	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Restricted Stock Unit Grant (for CEO, President, COO and CFO).
*10.5	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grant Form A-1.
*10.6	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form A-2 (for CEO, President, COO and CFO).

Exhibit Number	Exhibit Description
*10.7	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-1.
*10.8	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form B-2 (for CEO, President, COO and CFO).
*10.9	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-1.
*10.10	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Performance Stock Unit Grants Form C-2 (for CEO, President, COO and CFO).
*10.11	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith.
*10.12	Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton.
*10.13	Severance Agreement and General Release, effective as of March 22, 2025, between American Water Works Service Company, Inc. and Melanie M. Kennedy.
*22.1	Guaranteed Securities.
*31.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of M. Susan Hardwick, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1 and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of April, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraph (c) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be

employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraph (c) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined below), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change

of Control. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan.

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were

credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in Paragraph 3(c) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation

recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock

Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

Exhibit 10.4

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2025 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2026	1/3
January 31, 2027	1/3
January 31, 2028	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2028, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2028, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2028, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph 3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full

calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2028, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a) above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units

as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be

subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such

determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant,

delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

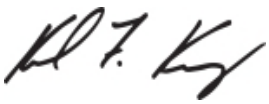
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.5

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(e), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately

forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the

Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any

applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's

discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.6

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2024, and December 31, 2027, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change

of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of

employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

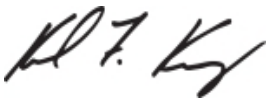
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.7

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

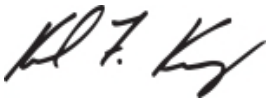
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.9

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance

Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the

Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate

the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: M. Susan Hardwick

Its: Chief Executive Officer

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 18, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2025 Long Term Performance Plan ("2025 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2025 LTPP and to grant the Participant an Equity Award under the 2025 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2025 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock

attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2025 and ending December 31, 2027.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2026, but prior to January 31, 2027; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2028. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of

Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2026 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement

between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2028 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2025 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are paid with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of July 26, 2022 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

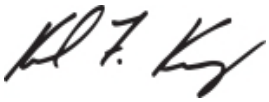
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.11

April 30, 2025

Mr. John Griffith
[REDACTED]
[REDACTED]

Dear John:

On behalf of American Water Works Company, Inc. (the "Company") and its Board of Directors, we are pleased to offer you the position of President and Chief Executive Officer, effective on May 14, 2025 at the conclusion of the Company's annual shareholder meeting. As President and Chief Executive Officer of the Company, you shall have the authority to control the day-to-day operations of the Company and its corporate strategy subject to the Company's Bylaws and Delegation of Authority and any direction and instructions provided by the Company's Board of Directors. The following are the terms and conditions of your employment as the Company's President and Chief Executive Officer.

Base Salary: Your new annual salary will be approximately $1,050,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective May 14, 2025. Your job performance and compensation will be reviewed annually by the Executive Development and Compensation Committee and the independent members of the Board of Directors.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 100% to 120% of your annual base salary for the 2025 cycle and will be prorated based on your new base salary and target percentage level. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and awards are based on several company performance objectives that were agreed upon and approved by the Executive Development and Compensation Committee and the independent members of the Board of Directors.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 340% to 430% of your base salary. Effective May 14, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units as approved by the Executive Development and Compensation Committee and the independent members of the Board of Directors. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) deferral election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Deferred Compensation Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

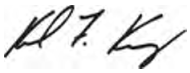
Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We look forward to working with you as President and Chief Executive Officer as you continue to execute on our strategy and grow the Company.

Sincerely,



Karl F. Kurz
Board Chair
American Water

I, John Griffith, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

/s/ JOHN GRIFFITH April 30, 2025
Signature Date

Exhibit 10.12

March 24, 2025

Ms. Lori Sutton
[REDACTED]
[REDACTED]

Dear Lori:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Senior Vice President, Chief Human Resources Officer reporting to John Griffith, President, at our Evansville, Indiana office. The effective date of your new position is April 1, 2025. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Base Salary: Your new annual salary will be approximately $420,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective April 1, 2025. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 45% to 50% of your annual base salary for the 2025 cycle. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 65% to 90% of your base salary. Effective April 1, 2025, you will receive a second set of grants that reflect the prorated difference between your February 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections, however, it is a notable event in your life. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support. Additional services are available throughout the year, including voluntary primary care services.

Non-Qualified Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and will be an eligible participant under the Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

As you will be a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in future SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position. Please review all attachments and sign the Confidentiality and Intellectual Property Agreements along with this letter.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

/s/ JOHN GRIFFITH

John Griffith
President
American Water

I, Lori Sutton, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

__/s/ LORI SUTTON_____03/24/2025_____
Signature Date

AMERICAN WATER

CONFIDENTIALITY POLICY AND AGREEMENT

This Confidentiality Policy and Agreement ("Confidentiality Agreement") set forth your understanding and agreement with the provisions below which discuss the Company's confidential and propriety information and trade secrets. You acknowledge and agree that you are signing this Confidentiality Agreement for good and adequate consideration including your employment by or continuing employment by American Water or one of its subsidiaries (collectively, the "Company"); the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and the Company's willingness to provide you with valuable opportunities, consideration and/or benefits. You further acknowledge that this Confidentially Agreement is in addition to existing American Water policies addressing the handling of sensitive information, cyber and information security.

The Company's Confidentiality Policy

The protection of confidential business information and trade secrets is vital to the interests and the success of the Company. In the course of employment with the Company, employees may create, discover or receive proprietary and/or confidential information including, without limitation: all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer-related data, marketing plans and strategies, financial information, technical information, technical processes and methods, algorithms, documents relating to any of the foregoing, and other written and oral materials (whether electronic or on hard copy) which are related to the business of the Company (collectively, "Confidential Information"). Confidential Information includes all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if -- (A) the Company has taken reasonable measures to keep such information secret; and (B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information. Confidential Information may also be "material, non-public information" as defined by federal securities laws and Company policy, both of which prohibit insider trading. Confidential Information may be contained in Company documents, computer programs, databases, investor documents, trading strategies and analytic models. Confidential Information is related to a product or service used, or intended for use, in interstate or foreign commerce.

Confidential Information must be protected as confidential and not copied, disclosed or used, directly or indirectly, at any time, other than for the Company's benefit (to the extent permitted by law), unless and until such knowledge or information is in the public domain through no wrongful act by the employee(s). Employees must not, directly or indirectly, divulge or disclose to anyone (other than the Company or any of its affiliates or any person employed or designated by such entities who need to know), publish or make use of any Confidential Information without the Company's express prior written consent; provided, however, that nothing shall prohibit or restrict an employee from participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, or any self-regulatory organization (collectively, the "Regulators"). Employees may engage in such activities with the Regulators without notifying or obtaining prior authorization from the Company.

Nothing in this document is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law. The employee cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets or confidential or proprietary information as long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. The Company will not retaliate against any employee in any way for a disclosure made in accordance with the law. In the event that the employee makes a disclosure, and the employee files a lawsuit against the Company alleging that the Company retaliated against the employee because of his or her disclosure, the employee may disclose the relevant trade secret or Confidential Information to his or her attorney and may use the trade secret or Confidential Information in the court proceeding only if (i) the employee ensures that any court filing that includes the trade secret or Confidential Information at issue is made under seal; and (ii) the employee does not otherwise disclose the trade secret or Confidential Information except as required by court order.

Following the cessation of employment, employees shall deliver to the Company all documents or other materials in their possession, including all copies thereof, which contain or are derived from Confidential Information, and they shall not misappropriate, utilize, disclose or infringe upon the Confidential Information of the Company or any of its affiliates (including the recreation or reconstruction of Confidential Information from memory). At the Company's request, employees must delete or destroy any and all files and/or backup files on any personal computer, telephone or storage device used for Company purposes, and, at the Company's request, deliver and/or provide access to the Company to any such devices, cloud systems, disk, thumb and/or flash drives for the Company's review and permit the Company to delete all Confidential or other Company proprietary material contained on such devices. Employees shall not analyze, reverse engineer, or otherwise seek to determine the composition or structure of any sample or device provided by the Company or the method by which such sample or device was created, except as specifically authorized by the Company in writing. All samples and devices, whether in whole or in pieces, shall be returned to the Company at its request.

A breach of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, the employee agrees that the Company shall have the right to enforce this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance, or other equitable relief without prejudice to any other rights and remedies available to the Company in the event of a breach of this Agreement. The employee acknowledges that: (i) an immediate and irreparable injury would occur without a seizure order; (ii) seizure of the Confidential Information would not interrupt the legitimate business operations of the employee; and (iii) an injunction would not prevent the employee from entering into an employment relationship. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

The Defend Trade Secrets Act of 2016 ("DTSA") governs the trade secret aspects of this Agreement. Otherwise, the validity, interpretation, and enforceability of this Agreement shall be governed by the laws of the State of New Jersey and the United States of America without regard to the conflict of laws principles thereof. Employees with questions regarding this Confidentiality Agreement or the Company's Confidentiality Policy including questions regarding whether any particular information constitutes "Confidential Information," the public disclosure of which is prohibited hereunder, should contact their supervisor or the Chief Compliance Officer. Employees who improperly use or disclose trade secrets or Confidential Information may be subject to disciplinary action, up to and including termination of employment, as well as legal action, even if the employee does not actually benefit from the disclosed information.

You acknowledge that you (a) have carefully read and considered the provisions of this Confidentiality Agreement and the Company's Confidentiality Policy (b) have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and (c) accept this Confidentiality Agreement on the terms set forth herein, intending to be legally bound. You understand that it is your responsibility to read and comply with its contents and any revisions made to it.

/s/ LORI SUTTON
Employee Signature

Lori Sutton
Employee Name (Print)

03/24/2025
Date

AMERICAN WATER

INTELLECTUAL PROPERTY AGREEMENT

This Agreement sets forth the agreements between you and AWIP Holdings LLC ("AWIP") concerning any inventions you may make or works you may create in connection with your employment by American Water Works Company, Inc. or one of its affiliates or subsidiaries (collectively, the "Company") and your treatment of the Company's confidential and proprietary information. You acknowledge and agree that you are signing this Agreement for good and adequate consideration including (a) your employment by or continuing employment by the Company; (b) the access that the Company is providing you to certain confidential and proprietary information and trade secrets described below; and (c) the Company's willingness to provide you with valuable opportunities, consideration and/or benefits.

1.0 INVENTIONS. As used in this Agreement, the term "Inventions" means any and all inventions, ideas, and discoveries, including improvements, original works of authorship, designs, formulas, processes, methods, algorithms, computer programs or portions thereof, databases, trade secrets and proprietary information, documentation, and materials made, created, conceived or reduced to practice by you, whether alone or jointly with others.

a. Your Rights in Inventions

(i) Prior Inventions. In the space provided below, or on a separate sheet attached to this Agreement, you may list all Inventions (a) that you made prior to your employment by the Company; (b) that you claim belong to you, or that you claim an ownership interest in, or that you claim any other legal right or title in; and (c) in which you wish to retain any claimed ownership or other legal rights ("Prior Inventions"). If you do list such Prior Inventions, you hereby grant to AWIP a royalty-free, irrevocable, perpetual, worldwide license to any Prior Invention that is now or hereafter infringed by a Company product, process, or method of doing business (hereinafter "AWIP Product") if: (i) you were involved in the development or implementation of that portion of the AWIP Product which infringes your Prior Invention, or (ii) you acquiesced or permitted other Company employees to utilize your Prior Invention in the course of their development or implementation of the AWIP Product, or (iii) upon first learning of the Company's use of your Prior Invention you do not immediately notify in writing the Company's Legal Department of the Company's infringing use of your Prior Invention and the need for a license thereto. If you do not list a Prior Invention, you acknowledge and agree that no such Prior Inventions exist and, to the extent such Prior Inventions do exist, you waive any and all rights or claims of ownership to such Prior Inventions. You understand that your listing of any Prior Invention(s) here does not constitute an acknowledgment by the Company of the existence or extent of such Prior Invention, nor of your ownership of such Prior Inventions. Please do not use this space to disclose an on-going business or project, or a product that you are developing and/or distributing.

Prior Inventions (description and identifying number of patent, copyright, or patent or copyright application, if applicable):

Lori Sutton	03/24/2025
Title	Date
N/A	

Brief Description of Invention

ð A separate sheet listing Prior Inventions is attached.

(ii) Future Employee inventions. The Company acknowledges and agrees, in accordance with applicable state law, that any Inventions (a) that you develop entirely on your own time; and (b) that you develop without using the Company's equipment, supplies, facilities, or trade secret information; and (c) that do not result from any work performed by you for the Company; and (d) that do not relate, at the time of conception or reduction to practice, to the Company's business or products, or to the Company's actual or demonstrably anticipated research or development, will be owned entirely by you, even if developed by you during the time period in which you are employed by the Company.

b. AWIP's Rights In Inventions

(i) Assignment of Inventions to AWIP. You agree that all Inventions that (a) are developed using the equipment, supplies, facilities, or Proprietary Information of the Company; or (b) result from or are suggested by work performed by you for the Company; or (c) are conceived or reduced to practice during your employment by the Company and relate to the business and products, or to the actual or demonstrably anticipated research or development of the Company ("AWIP Inventions"), are the sole and exclusive property of AWIP, and you hereby assign all your right, title and interest in such AWIP Inventions to AWIP. You agree to perform any and all acts requested by AWIP, if any, to perfect this assignment.

(ii) Disclosure. You agree to make full written disclosure promptly to your direct supervisor at AWIP of any and all AWIP Inventions, and provide access to all notes, materials, source code, or other items related to AWIP Inventions.

(iii) Assignment of Moral Rights to AWIP. In addition, to the extent permitted by law, you hereby transfer and assign any "moral" rights that you may have in any AWIP Invention(s) under any copyright or other law, whether U.S. or foreign. "Moral" rights are defined as (1) the right of attribution (give credit to the author); and (2) the right of integrity in the AWIP Invention (not do something with an AWIP Invention, such as change or add to it, that would have a negative impact on the author's reputation). You agree to waive and never to assert any such "moral" rights in AWIP Inventions during or after the cessation of your employment with by the Company. You agree that AWIP, its subsidiaries, and its licensees are not required to designate you as the author of any AWIP Inventions when distributed. You also agree that the Company retains sole discretion with regard to how and for what purposes, if any, such AWIP Invention(s) are used.

c. Work for Hire

You acknowledge that all original works of authorship that are made by you (solely or jointly with others) within the scope of your employment by the Company, and that are protectable by copyright, are works made for hire, as that term is defined in the United States Copyright Act (17 U.S.C. § 101). To the extent any works created by you within the scope of your employment cannot be characterized as a work made for hire, you hereby grant, assign and transfer to AWIP all right, title and interest, including all intellectual property in and to works.

d. Protection of AWIP Inventions

You agree (at AWIP's expense) to assist AWIP in every proper way to obtain and to help AWIP enforce patents, copyrights, and other legal protections for AWIP Inventions in any and all countries. You agree to promptly execute any documents that American Water may reasonably request, or perform such legal acts that may be required, for use in obtaining or enforcing such patents, copyrights, and other legal protections.

2.0 CONFIDENTIAL AND PROPRIETARY INFORMATION. You understand that your employment by the Company creates a relationship of confidence and trust with respect to any information of a confidential, proprietary, and secret nature that may be disclosed to you or otherwise learned by you in the course of your employment at the Company, including but not limited to any confidential information of third parties disclosed to the Company. Such confidential, proprietary, and secret information includes, but is not limited to, information and material relating to past, present, or future Inventions, marketing plans, manufacturing and product plans, technical specifications, hardware designs and prototypes, business strategies, financial information, forecasts, personnel information, processes, methods, algorithms, and customer lists, and is referred to collectively in this Agreement as "Proprietary Information."

a. Confidentiality of Proprietary Information. You acknowledge and agree that your employment by the Company requires you to keep all Proprietary Information in confidence and trust for the tenure of your employment and thereafter, and that you will not use or disclose Proprietary Information without the written consent of the Company, except as necessary to perform your duties as an employee of the Company. Upon the cessation of your employment with the Company, you will promptly deliver to the Company all documents, electronically-stored information, materials and property of any kind pertaining to your work at the Company, and you agree that you will not take with you any documents, electronically-stored information, materials or copies thereof, or maintain access to such documents, information or materials, through online digital storage services, whether on paper, electronic media or storage devices, magnetic or optical media, or any other medium, containing any Proprietary Information.

3.0 PROTECTION OF INFORMATION OF OTHERS

a. Information of Others. You agree that during your employment by the Company and thereafter, you will not improperly use or disclose to the Company any confidential, or proprietary, or secret information of your former employer(s) or any other person(s). You further agree that you have not, and during your employment with the Company will not, bring any confidential, proprietary or secret information of your former employer(s) or any other person(s) onto the Company's property or place any such information on any of the Company's computer systems or servers.

4.0 NO CONFLICTING OBLIGATIONS

a. No Conflicting Outside Interests. You agree that during your employment by the Company you will not plan or engage in any other employment, occupations, consulting or other business activities or commitments competitive with or directly related to the Company's business or products, or to its actual or demonstrably anticipated research or development, nor will you engage in any other activities that conflict with your employment obligations to the Company. Activities and commitments as used herein do not include passive investments in stocks or other financial instruments.

b. No Conflicting Agreements. You represent to the Company that you have no other commitments that would hinder or prevent the full performance of your duties as a Company employee or your obligations under this Agreement, and you agree not to enter into any such conflicting agreement during your employment by the company.

c. Disclosure of Agreement. You hereby authorize the Company to notify others, including customers of the Company, and any future employers you may have, of the terms of this Agreement and your responsibilities under this Agreement.

5.0 PROTECTION OF COMPANY RELATIONSHIPS

If you are in a supervisory position, except for employees in a supervisory position in California, Illinois, and Oklahoma, during the period of your employment and for a period of one (1) year following the cessation of your employment, you will not, directly or indirectly, solicit, encourage, recruit, or take any action intended to induce Company employees or contractors to terminate their relationship with the Company.

6.0 NO IMPLIED EMPLOYMENT RIGHTS. You understand and agree that no term or provision of this Agreement confers upon you any rights to continued employment by the Company and that no term or provision of this Agreement obligates the Company to employ you for any specific period of time or interferes with or restricts your right or the Company's right to terminate your employment at any time for any reason and with or without notice, or the Company's right to terminate your employment for just cause in accordance with the applicable collective bargaining agreement if you are a union employee.

7.0 EQUITABLE RELIEF. A breach of the provisions of sections 1, 2 or 4 of this Agreement would cause irreparable harm and significant injury to the Company, the quantification of which is difficult to ascertain. Because such harm and injury could not be compensable by damages alone, you agree that the Company will have the right to enforce sections 1, 2 or 4 of this Agreement by injunction (without the necessity of a bond or other security and without proving actual damages), specific performance or other equitable relief in addition to any other rights and remedies available to the Company in the event of a breach of this Agreement. You further agree that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a preliminary or permanent injunction against you or a court of competent jurisdiction finds that you breached the terms of the Agreement.

8.0 GENERAL PROVISIONS

a. Severability. If one or more of the provisions of this Agreement is or are deemed void or unenforceable by law, then the remaining provisions shall continue in full force and effect.

b. Governing Law. This Agreement shall be governed by the laws of the state of New Jersey, without regard to its conflicts of law principles. Any arbitration or judicial action between the parties relating to this Agreement will take place in Camden County, New Jersey, and you and the Company each consent to the personal jurisdiction of and venue in the state and federal courts within Camden County, New Jersey.

c. Successors and Assigns. This Agreement will be binding upon your heirs, executors, administrators and other legal representatives, and will be for the benefit of the Company, its successors and assigns. You specifically acknowledge and agree that the Company may assign its rights and obligations hereunder to any successor entity to the Company by operation of law or otherwise.

d. Entire Agreement. This Agreement, along with Company's CONFIDENTIALITY POLICY AND AGREEMENT of which you are also required to acknowledge receipt and understanding, sets forth the entire agreement between you and the Company relating to the subject matter of this Agreement. No modification to or amendment of this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both you and a Company officer. Any subsequent changes in your duties, salary or compensation will not affect the validity or scope of this Agreement.

e. Compliance with Laws. You agree that you will comply, and do all things necessary for the Company to comply, with the laws and regulations of all governments where the Company does business, and with provisions of contracts between any such government or its contractors and the Company.

9.0 EMPLOYEE ACKNOWLEDGEMENT. You acknowledge that you have carefully read and considered the provisions of this Agreement, have had a reasonable opportunity to consult with an independent legal counsel of your choosing, and accept this Agreement on the terms set forth herein, intending to be legally bound.

EMPLOYEE

/s/ LORI SUTTON
Employee Signature

03/24/2025
Date

Lori Sutton
Employee Name (Print)

Exhibit 10.13

SEVERANCE AGREEMENT AND GENERAL RELEASE

This Severance Agreement and General Release ("Agreement") is between American Water Works Service Company, Inc. ("American Water" or the "Company") and Melanie Kennedy ("Executive").

WHEREAS, Executive is a full-time executive employee of American Water;

WHEREAS, American Water Works Company, Inc. agreed to a separation from service with Executive effective March 1, 2025 (the "Separation Date");

WHEREAS, the Company maintains the American Water Works Company, Inc. Executive Severance Policy (the "Severance Policy") for certain key executives, Executive is an Eligible Executive, as defined and used in the Severance Policy, and Executive is eligible to receive certain severance payments and benefits under the Severance Policy as set forth herein if Executive signs, does not revoke, and fully complies with this Agreement;

WHEREAS, Executive and American Water have agreed to resolve all claims and potential claims which have been, or could have been, brought by Executive against American Water arising out of Executive's employment with American Water to date;

WHEREAS, Executive and American Water desire to enter into this Agreement to document the terms of the separation of Executive's employment with American Water, with the parties agreeing that neither party admits wrongdoing, fault, or liability whatsoever, and that nothing herein shall be construed or interpreted as an admission of any wrongdoing, fault or liability of either party.

NOW THEREFORE, in consideration of the mutual promises and releases contained herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Termination of Employment.** Effective as of the Separation Date, (i) Executive's employment with the Company and its subsidiaries and affiliates (collectively, the "Company Group") will terminate in all respects, and (ii) Executive will be deemed to have resigned from any officer position with any member of the Company Group.

2. **Consideration.** Provided that Executive timely signs, does not revoke, and remains fully compliant with the terms of this Agreement, the Company will provide Executive with the following payments and benefits (the "Severance Benefits").

    a. Severance. American Water shall pay to Executive:

        i. In accordance with and as calculated pursuant to the Severance Policy, American Water will pay Executive's current base salary in the amount of $487,953 from the Separation Date through the first anniversary of the

Separation Date (the "Severance Period"), which will be paid according to American Water's regular pay schedule beginning with the first regular pay day following the Effective Date, provided that Executive (i) is not in breach of her obligations under this Agreement, and (ii) this Agreement has become effective pursuant to Section 11(g). This payment will be subject to all applicable and lawful withholdings and deductions. The first installment shall include a catch-up for any amounts that would have otherwise been paid from the Separation Date through the Effective Date of the Agreement.

ii. In addition, the Company shall make an additional supplemental cash payment to Executive of $300,000. This additional supplemental cash payment will be subject to all regular lawful withholdings and deductions and shall be paid in a lump sum within sixty (60) days after the Separation Date, provided that this Agreement has become effective pursuant to Section 11(g).

b. Annual Performance Plan Award. In accordance with and as calculated pursuant to the Severance Policy, Executive will receive a pro rata award under the Company's Annual Performance Plan (the "APP"), to the extent such payments are made under the terms of the applicable APP, to be pro-rated based on the period of time between the start of such performance year and the Separation Date (the "Pro Rata Bonus"). The Company will pay Executive the Pro Rata Bonus, less applicable and lawful withholdings and deductions, at the same time other 2025 awards are paid under the APP, but no later than March 15, 2026.

c. Group Health Insurance. If Executive participates in American Water's group health care plan on Executive's Separation Date and Executive timely elects continuing coverage through COBRA, American Water shall pay both employee and employer portions of the costs associated with maintaining this coverage through COBRA for 12 months, retroactive to April 1, 2025, subject to all regular lawful withholdings and deductions to the extent applicable. This coverage will be the same level of health, dental, and vision care that the Executive and Executive's family received immediately prior to the Separation Date. Thereafter, Executive and any eligible dependents will be entitled to continue health care coverage at Executive's sole expense for the remaining balance of the COBRA coverage period. Executive's right to COBRA health care continuation will be set forth in a separate letter.

d. Employee Assistance Program. In accordance with and as calculated pursuant to the Severance Policy, American Water will provide Executive six (6) months of continued access beginning on April 1, 2025 to the American Water Employee Assistance Program for Executive.

3. **Valid Consideration.** Executive acknowledges and agrees that the Severance Benefits: (i) would not be required by the Company's policies or procedures or by any pre-existing contractual obligation of American Water if the Executive did not enter into this

Agreement and provide the Company the release of claims and other commitments set forth herein, (ii) constitute valid consideration for the Executive's promises and obligations under this Agreement, and (iii) represent complete satisfaction of any and all compensation and benefits due to Executive from the Company, including but not limited to, under the Severance Policy (other than any of Executive's accrued benefits that vested prior to the Separation Date or as otherwise provided in Section 9).

4. **Confidentiality; Non-Disclosure; Return of Property; Disparaging Statements; References.**

a. Confidentiality. Executive understands and agrees that the circumstances of Executive's separation and the fact, terms, and contents of this Agreement shall remain confidential and shall not be disclosed by Executive or Executive's agents and representatives, with the exception of: (1) disclosure to members of Executive's immediate family, Executive's attorneys, accountants, tax or financial advisors, each of who shall be informed of this confidentiality obligation and shall agree to be bound by its terms; (2) disclosure to the Internal Revenue Service or state or local taxing authority; (3) disclosure as is expressly required or protected by law; (4) disclosure by American Water or its parent company, American Water Works Company, Inc., through a press release or in a filing with the Securities and Exchange Commission, or to a national stock exchange; (5) any disclosures made by the Executive pursuant to the whistleblower provisions in the Exchange Act (15 U.S.C. § 78u-6) and the Sarbanes Oxley Act of 2002 (18 U.S.C. § 1514A); or (6) in any action to challenge or enforce the terms of this Agreement provided that such disclosure is covered by an appropriate confidentiality order to the maximum extent permitted by the applicable authority. Nothing contained in this Agreement shall preclude Executive from initiating and/or cooperating fully with any governmental investigation. Executive's confidentiality obligation in this Section 4(a) as to the fact, terms, and contents of the Agreement does not apply if the Agreement becomes publicly available without breach of this Agreement.

b. Non-Disclosure of Confidential Information and Trade Secrets. Executive acknowledges that as an employee of American Water, Executive had access to and was entrusted with the Company's confidential and proprietary business information and trade secrets defined in this Section 4(b)(i). At all times prior to, during, and following Executive's separation from employment with American Water, except as provided in Section 10, Executive represents that she has maintained and agrees that Executive will continue to maintain such information in strict confidence and has not disclosed, used, transferred or sold and will not disclose, use, transfer or sell (directly or indirectly) such information to any third party (except as may be required by law or legal process) so long as such information or proprietary data remains confidential and has not been properly and lawfully disclosed or is not otherwise lawfully in the public domain. Executive further agrees that, at the Company's request, Executive will deliver

and/or provide access to any personal computing device, telephone, hard disk, backup tapes, cloud systems, disks or thumb or flash drives for the Company's review and permit the Company to delete all confidential and proprietary business information and trade secrets contained on such devices.

i. Definition of "Confidential and Proprietary Business Information and Trade Secrets". For purposes of this Agreement, "confidential and proprietary business information and trade secrets" includes, but is not limited to, all information about markets, key personnel, operational methods, proprietary intellectual property, real property, plans for future developments, projects in the pipeline, bid information, manuals, books, training materials, forms and procedures, policies, customer or prospective customer lists, customer related data, marketing plans and strategies, financial information, documents relating to any of the foregoing, and other written and oral materials (whether computerized or on hard copy) which are related to the business of the Company and the confidentiality of which the Company attempts to maintain with reasonable efforts and which the Company has not released to the general public.

c. Notice of Immunity for Confidential Disclosure of a Trade Secret to an Attorney, the Government or in a Court Filing. Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret under either of the following conditions:

- Where the disclosure is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or
- Where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. 18 U.S.C. § 1833(b)(1).

Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order. 18 U.S.C. § 1833(b)(2).

d. Return of Property. Executive returned to American Water Executive's Company-issued cell phone, access badge, laptop and other computer equipment, and company credit card. Executive represents that Executive has not retained

any copies of any and all property of the Company or Releasees in Executive's possession or control, including (without limitation) all papers, documents, business plans, project or pipeline information, correspondence, and electronic or digitally stored information containing "confidential and proprietary business information and trade secrets" as defined in Section 4(b)(i).

e. Disparaging Statements. Except as provided in Section 10, Executive agrees not to make written (to include online or other written statements) or oral statements about American Water, its affiliates, or any of the other Releasees (as defined in Section 6(a) below) that are negative or disparaging. The Company agrees to instruct the Executive Leadership Team, defined as of the Agreement's Effective Date, not to make written (to include online or written statements) or oral statements about Executive that are negative or disparaging.

f. References. Executive agrees that all requests for references will be directed solely to the attention of Marty Falkenberg, [REDACTED], and if he is no longer employed by the Company, to the Human Resources Department. Upon any request for a reference, per Company policy, the Company will solely confirm Executive's dates of employment with American Water and positions Executive held with American Water.

g. Taxes. As required by law, the Company will issue the appropriate IRS Form(s) at the appropriate time. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable federal, state or local income or employment tax laws or similar statutes or other provisions of law then in effect. Notwithstanding the foregoing, Executive agrees that (i) Executive shall be solely responsible for all taxes, including, but not limited to, income and excise taxes, imposed on Executive in respect of amounts paid to Executive by the Company under this Agreement; (ii) Executive shall not seek reimbursement from the Company for such taxes; and (iii) Executive agrees to and does hereby indemnify and hold the Company harmless against any and all tax liability, interest, and/or penalties.

5. **Non-Solicitation.**

a. Non-Solicitation.

i. Executive agrees that, during the Severance Period, Executive will not, either alone or in association with others, call on, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to call on or solicit, in any manner, any Client of the Company. "Client" shall mean any corporation, partnership, association, United States military base, or United States (to include federal, state, county or local government) or foreign governmental entity that has or had an account or contract with the Company or any of its

subsidiaries, affiliates or parents during Executive's employment or on the Separation Date regardless of whether Executive has directly worked with such Client.

ii. Executive further agrees that, during the Severance Period, Executive will not directly or indirectly, either alone or in association with others, solicit, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit, any employee, contractor or executive of the Company to leave the employ of the Company, or solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by Executive or which may employ or engage with Executive to solicit for employment, hire or engage as an independent contractor, any person who was employed by or contracting with the Company at the time of the termination of Executive's employment with the Company; provided that this clause shall not apply to the solicitation, hiring or engagement of any individual whose employment with the Company has been terminated for a period of six (6) months or longer at the time of such solicitation, hiring or employment. Notwithstanding Section 5, Executive is not subject to any non-compete agreement or restriction.

b. Extension of Restrictions. If Executive violates any of the provisions of this Section 5, the duration of the provisions shall automatically be extended, and Executive shall continue to be bound by the restrictions set forth in Section 5 until a period of twelve (12) months has expired without any violation of such provisions.

c. Interpretation. If any restriction set forth in Section 5 is found by any court of competent jurisdiction to be overbroad, such restriction shall be enforceable to the maximum extend permissible by law.

d. Equitable Remedies. The restrictions contained in this Section 5 are necessary for the protection of the business and goodwill of the Company and are considered by Executive to be reasonable for such purpose. Executive agrees that any breach of this Section 5 is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, Executive agrees that the Company shall be entitled to preliminary and permanent injunctive relief, without the necessity of a bond or other security and without proving actual damages, as well as to an equitable accounting of all earnings, profits and other benefits arising from any violations of this Agreement, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled, including but not limited to liquidated and punitive damages. Executive further agrees that the Company shall be entitled to its reasonable fees and costs if a court of competent jurisdiction issues a temporary restraining order or preliminary or permanent

injunction against the Executive or a court of competent jurisdiction finds that Executive breached the terms of the Agreement, in whole or in part, even if not all requested temporary restraining order or injunctive relief is granted.

6. **General Release of Legal Claims.**

a. Executive, on behalf of Executive and her heirs, executors, administrators, and/or assigns, does hereby release and forever discharge American Water, together with its parents, subsidiaries, affiliates, predecessors, and successor corporations and business entities, past, present and future, and its and their agents, directors, officers, partners, employees, shareholders, insurers and reinsurers, and employee benefit plans (and the trustees, administrators, fiduciaries, insurers, and reinsurers of such plans), past, present and future, and their heirs, executors, administrators, predecessors, successors, and assigns (collectively, "Releasees"), of and from any and all legally waivable claims, causes of actions, suits, lawsuits, debts, and demands whatsoever in law or in equity, known or unknown, suspected or unsuspected, which Executive ever had, now has or which Executive's executors, administrators, or assigns may have from the beginning of time to the date Executive executes this Agreement, and including, without limitation, any claims arising from or relating to Executive's employment relationship with and compensation by American Water, and the termination of such relationship, including, without limitation, any claims arising under Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans with Disabilities Act ("ADA"), ADEA, the Employee Retirement Income Security Act ("ERISA"), the Family and Medical Leave Act ("FMLA"), the ADEA, the OWBPA, New Jersey Law Against Discrimination, the New Jersey Civil Rights Act, the New Jersey Conscientious Employee Protection Act, the New Jersey Discrimination in Wages Law, the New Jersey Security and Financial Empowerment Act, the New Jersey Family Leave Insurance provisions of the New Jersey Temporary Disability Benefits Law, the New Jersey Earned Sick Leave Law, the New Jersey Domestic Partnership Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Wage Theft Act, the New Jersey Equal Pay Act, the New Jersey False Claims Act, the New Jersey Smokers' Rights Law, the New Jersey Genetic Privacy Act, the New Jersey Fair Credit Reporting Act, the New Jersey Emergency Responders Employment Protection Act, the New Jersey Millville Dallas Airmotive Plant Job Loss Notification Act (the New Jersey WARN Act), the New Jersey Compassionate Use Medical Cannabis Act, the New Jersey Secure Choice Act, the retaliation provisions of the New Jersey Workers' Compensation Law, and any and all other federal, state, or local constitutional, statutory, regulatory, or common law causes of action now or hereafter recognized, and any claims for attorneys' fees and costs. Nothing in this Agreement shall waive rights or claims that arise after the date that Executive executes this Agreement.

b. Notwithstanding the broad scope of Section 6(a), this Agreement is not intended to bar any claims that, as a matter of applicable law, whether by statute or otherwise, cannot be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, and any claims that arise after the date that the Executive executes this Agreement. Nothing in this Agreement is intended to interfere with, prevent or prohibit Executive from making or asserting: (i) any claim or right Executive may have under COBRA; (ii) any claim or right Executive may have for unemployment insurance or workers' compensation benefits; (iii) any claim to vested benefits under the written terms of a qualified employee pension benefit plan; (iv) any medical claim incurred during Executive's employment that is payable under applicable medical plans or an employer-insured liability plan; (v) any claim or right that may arise after the execution of this Agreement; (vi) any claim or right Executive may have under this Agreement; (vii) any claim that is not otherwise waivable under applicable law; or (viii) any claim or right Employee may have as set forth in Section 10, including the right to file a charge with the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board ("NLRB"), and similar state or local agencies.

c. Nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

7. **Cooperation.** Executive agrees that Executive shall cooperate with the Company or Releasees in the prosecution or defense of any claim currently pending or hereinafter pursued by or against the Company or Releasees without the payment of any additional compensation other than as set forth in this Agreement. Upon receipt of appropriate supporting documentation, American Water shall reimburse Executive for all of Executive's approved and reasonable costs and expenses incurred in connection with such cooperation. In the case of legal proceedings involving the Company or Releasees, to the extent permissible by law and except as set forth in Section 10, Executive will notify, in writing, the individual then holding the office of General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, of any subpoena or other similar notice to give testimony or provide documentation within two (2) business days of receipt of the same and prior to providing any response thereto. Nothing in this Agreement shall preclude Executive from participating in and fully cooperating with any governmental investigation.

8. **Business Expenses and Compensation.** Executive acknowledges and agrees that (i) should Executive execute and not revoke this Agreement, the consideration set forth in this Agreement is in complete satisfaction of any and all compensation and benefits due to Executive from the Company, and that no further payments, compensation, benefits or other amounts are owed or will be paid to Executive by the Company, unless specifically described in this Agreement; (ii) Executive has been reimbursed by American Water for

all business expenses incurred by Executive and that no other reimbursements are owed to Executive; and (iii) Executive has not suffered any on-the-job injury for which Executive has not already filed a claim.

9. **Accrued Benefits.** In addition to the consideration provided under this Agreement, following the Separation Date, Executive will be entitled to receive (i) any accrued, but unused, vacation as of the Separation Date, which will be paid to Executive on the first Company payroll date that follows the Separation Date; and (ii) any accrued or owing, but not yet paid, vested benefits under the Company's 401(k) plan, pension plan, nonqualified deferred compensation plan, and post-employment retirement plan and any other plan in which Executive may have participated, will be paid to Executive at the times provided under such plans. Any restricted stock units and performance stock unit grants that were granted to Executive under the Company's Long Term Performance Plan ("LTPP") that are outstanding as of the Separation Date will be subject to the terms and conditions of the respective grant agreements covering such grants, and accordingly any unvested awards granted under the LTPP will be forfeited without consideration or further action on the part of the Company or Executive.

10. **Permitted Conduct.** Nothing in this Agreement shall prohibit or restrict Executive from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, filing a charge or complaint with, or otherwise participating, testifying, or assisting in any investigation or proceeding by any governmental or regulatory agency, entity, or official(s) including the EEOC, the NLRB, and the Securities and Exchange Commission (collectively, "Governmental Authorities") regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to Executive individually (and not directed to the Company and/or its subsidiaries) from any such Governmental Authorities; or (c) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Executive is not required to advise or seek permission from the Company before engaging in any such activity. Notwithstanding the foregoing, Executive understands and agrees that, pursuant to this Agreement (i) Executive is waiving any right to recover monetary damages or any other form of personal relief from the Company and Releasees in connection with any such charge, complaint, investigation, or proceeding; and (ii) to the extent Executive receives any personal or monetary relief in connection with any such charge, complaint, investigation, or proceeding, the Company and Releasees will be entitled to an offset for the payments, benefits, and other items of value provided for in Section 2 of this Agreement to the fullest extent permitted by law; ***provided, however,*** that this Agreement does not impact Executive's ability to receive and retain an award from a government-administered whistleblower award program for providing information directly to a government agency. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

11. **Acknowledgements.** Executive hereby certifies and acknowledges that:

a. Executive has read the terms of this Agreement and that Executive understands its terms and effects, including the fact that Executive has agreed to **REMISE, RELEASE, AND FOREVER DISCHARGE** Releasees from all claims set forth in Section 6(a);

b. Executive is receiving consideration which is in addition to anything of value to which Executive otherwise would have been entitled had Executive not executed this Agreement;

c. Executive enters into this Agreement knowingly and voluntarily without any coercion on the part of any person or entity;

d. Executive was given adequate time to consider all implications and to freely and fully consult with and seek the advice of whomever Executive deemed appropriate;

e. Executive was advised in writing, by way of this Agreement, to consult an attorney before signing this Agreement;

f. Executive has been given twenty-one (21) calendar days within which to consider this Agreement (the "Consideration Period") and, in the event that Executive signs this Agreement and returns it back to the Company during this Consideration Period, said signing constitutes a knowing and voluntary waiver of this Consideration Period. Executive further understands that any changes to this Agreement, whether material or immaterial, do not restart the Consideration Period;

g. After Executive executes this Agreement, Executive has a period of seven (7) calendar days within which Executive may revoke this Agreement (the "Revocation Period"). If the seventh day is a weekend or national holiday, Executive has until the next business day to revoke. If Executive elects to revoke, Executive shall notify Stacy Mitchell, General Counsel, American Water Works Service Company, Inc., 1 Water Street, Camden, NJ 08102-1658, [REDACTED], in writing of Executive's revocation. Unless revoked within this period, this Agreement becomes effective on the eighth (8^{th}) day after Executive signs the Agreement (the "Effective Date");

h. Executive understands that she will not be entitled to receive the Severance Benefits unless and until (i) Executive executes this Agreement within the Consideration Period, but no earlier than the Separation Date; (ii) the seven (7) day Revocation Period expires without Executive having exercised Executive's

right of revocation; and (iii) Executive has complied with her obligations under the Agreement; and

i. Executive does not waive rights or claims that may arise after the date this Agreement is executed.

12. **Indemnification and Similar Rights.** Nothing contained in this Agreement shall be construed to alter, limit, or release any right to indemnification, advanced payment of expenses, or similar rights that the Executive may have pursuant to the Company's bylaws, other governance instruments, insurance coverage, or applicable law relating to actions by the Executive on behalf of the Company within the scope of and during the course of her employment with the Company.

13. **Section 409A.** To the extent applicable, this Agreement is intended to comply with, or be exempt from, the applicable provisions of section 409(A) of the Internal Revenue Code (the "Code"). Accordingly, all provisions herein are intended to be construed and interpreted to comply with section 409A of the Code or an exemption therefrom. Further, for purposes of section 409A of the Code, it is intended that each payment provided for hereunder, including each payment under a right to receive installment payments, be treated as a separate payment. Executive agrees and understands that neither the Company nor any of the other Releasees (i) have any obligation to indemnify or otherwise protect Executive from the obligation to pay any taxes pursuant to section 409A of the Code and (ii) makes or has made any representation, warranty or guarantee to Executive of compliance under section 409A of the Code.

14. **General Terms.**

a. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, two (2) business days after the date when sent to the recipient by reputable express courier service (charges prepaid) or four (4) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications shall be sent to Executive and to the Company at the addresses set forth below:

If to Executive:

Melanie Kennedy, at the address on file in the Company's payroll records

If to Company:

Stacy Mitchell
Executive Vice President, General Counsel
American Water Works Service Company, Inc.

1 Water Street
Camden, NJ 08102

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

b. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding concerning Executive's employment and termination thereof, and the other subject matters addressed herein between the parties and supersedes and replaces all prior negotiations and all prior agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof.

c. Modification. This Agreement can be modified only by a writing signed by both Executive and a named officer of the Company.

d. Assignment. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the Company and Executive. Executive has not purported to assign any rights or obligations under this Agreement at the time of its execution.

e. Interpretation of Agreement. If any provision of this Agreement or application thereof to anyone under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction. Notwithstanding, the foregoing, if the release is deemed unenforceable then Executive shall not be entitled to the consideration provided by this Agreement, which shall be repaid to the Company.

f. Choice of Law and Forum. This Agreement shall be governed by the substantive law of the state of New Jersey without regard to its conflict of law rules.

g. Arbitration. The parties acknowledge and agree that the Company is engaged in interstate commerce. The Federal Arbitration Act applies to this Agreement and shall govern the interpretation, enforcement, and arbitrability of claims under this Agreement. The parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to arbitration in Camden County, New Jersey, to the extent permitted by applicable law ("Covered Claims"). The parties understand and agree that the arbitration shall be conducted by JAMS in accordance with the JAMS Employment Arbitration Rules and Procedures and the JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness in effect at the time the dispute arises to the extent not inconsistent with the terms of this

Agreement ("JAMS Rules"), provided, however, that the arbitrator shall allow the discovery authorized under the governing law as set forth below for a state court proceeding. The arbitrator shall render a written award and opinion. The JAMS Rules may be found on the Internet at www.jamsadr.com. The demand for arbitration must be filed within the statute of limitations applicable to the claim on which arbitration is sought. To the extent permitted by law, all claims covered by this Section 14(g) must be brought and pursued in arbitration on an individual basis, meaning for injuries or violations directly experienced by the parties themselves. The parties waive any right to class or collective procedures, which means that they waive any right to litigate in court or in arbitration on a class or collective basis. The parties agree that they will not submit, initiate, or participate in any litigation on a class or collective basis. The parties also agree that the arbitrator will have no power to adjudicate or award remedies for violations and/or injuries that a party to the arbitration did not directly experience itself. Claims may not be joined or consolidated in arbitration with disputes brought by other individual(s) or for violations suffered by other individual(s), unless agreed to in writing by all parties. Similarly, no arbitration award or decision will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to the arbitration. If, for any reason, any portion of the above waivers of claim joinder and to not proceed on a class/collective basis are held unenforceable or invalid, then a court of competent jurisdiction, not an arbitrator, will decide the claim or portion of the claim which was held unenforceable, provided that if any portion of the waiver remains valid, the claim will be heard and enforced in arbitration. Further, all individual Covered Claims will remain subject to arbitration. Any claim that must be decided in court pursuant to this provision shall be stayed until the arbitration is concluded unless such stay is contrary to applicable law. The decision of the arbitrator shall be final, conclusive, and binding on the parties to the arbitration. The parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The parties agree that the Company will pay reasonable arbitration fees, except that if Executive initiates a claim (other than for non-payment under the Agreement), Executive will pay any required filing fee up to a maximum of either $400 or the amount required to initiate a claim in court (whichever is lower). Each party shall separately pay for its respective counsel fees and expenses. The arbitrator will not have authority to award attorneys' fees unless a statute or contract at issue in the dispute authorizes the award of attorneys' fees to the prevailing party, in which case the arbitrator shall have the authority to make an award of attorneys' fees as required or permitted by applicable law. The parties agree that the Company will have 30 days after the date an invoice is received for amounts owed to the arbitrator to pay arbitration fees that the Company does not contest. As to arbitration fees the Company does contest, the parties agree that the Company must submit a dispute within 30 days after receiving the invoice or it must pay the invoice. Arbitration fees for hearing the dispute will not be due from the arbitration service more than 45 days before commencement of the hearing. The

parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. Notwithstanding the foregoing, this section will not prevent either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of their dispute relating to this Agreement and any agreements incorporated herein by reference. Should any part of the arbitration agreement contained in this section conflict with any other arbitration agreement between the parties, the parties agree that this arbitration agreement shall govern.

Remainder of Page Left Blank Intentionally

The Company and Executive have carefully read and understand all of the provisions of this Agreement. They enter into this Agreement freely, knowingly, and voluntarily. In entering into this Agreement, neither the Company nor Executive is relying upon any representations or promises not expressly set forth in this Agreement. Intending to be legally bound to this Agreement, the Company's representative and Executive sign their names below.

Executive is not permitted to sign this Agreement until March 1, 2025. If Executive signs this Agreement on or before March 1, 2025, it will be disregarded and will need to be re-signed. None of the consideration described in this Agreement will be provided to the Executive unless the Agreement is properly executed.

/s/ STACY MITCHELL	/s/ MELANIE KENNEDY
Stacy Mitchell Executive Vice President General Counsel American Water Works Service Company, Inc.	Melanie Kennedy
Dated: March 22, 2025	Dated: March 14, 2025

[***Severance Agreement and General Release – Signature Page***]

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, M. Susan Hardwick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ M. SUSAN HARDWICK
M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Susan Hardwick, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ M. SUSAN HARDWICK

M. Susan Hardwick
Chief Executive Officer
(Principal Executive Officer)

April 30, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 30, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of July 21, 2025
Common Stock, par value $0.01 per share	**195,098,566**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
    - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
    - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of or, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
    - any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;

- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 36,137	$ 35,059
Accumulated depreciation	(7,205)	(7,021)
Property, plant and equipment, net	28,932	28,038
Current assets:		
Cash and cash equivalents	94	96
Restricted funds	17	29
Accounts receivable, net of allowance for uncollectible accounts of $56 and $53, respectively	424	416
Income tax receivable	25	25
Unbilled revenues	434	315
Materials and supplies	109	103
Other	296	231
Total current assets	1,399	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,178	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	89	89
Goodwill	1,151	1,144
Other	369	399
Total regulatory and other long-term assets	3,582	3,577
Total assets	$ 33,913	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,551,058 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,621	8,598
Retained earnings	2,445	2,112
Accumulated other comprehensive income	5	12
Treasury stock, at cost (5,452,694 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,682	10,332
Long-term debt	12,278	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,281	12,521
Total capitalization	22,963	22,853
Current liabilities:		
Short-term debt	1,589	879
Current portion of long-term debt	1,119	637
Accounts payable	306	346
Accrued liabilities	569	791
Accrued taxes	107	156
Accrued interest	119	111
Other	182	230
Total current liabilities	3,991	3,150
Regulatory and other long-term liabilities:		
Advances for construction	410	383
Deferred income taxes and investment tax credits	2,990	2,881
Regulatory liabilities	1,420	1,416
Operating lease liabilities	77	76
Accrued pension expense	207	217
Other	255	277
Total regulatory and other long-term liabilities	5,359	5,250
Contributions in aid of construction	1,600	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 33,913	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	$ 1,276	$ 1,149	$ 2,418	$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Other comprehensive income (loss), net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended June 30, 2025 and 2024, respectively and $0 for the six months ended June 30, 2025 and 2024, respectively	1	1	1	1
Unrealized gain (loss) on cash flow hedges, net of tax of $1 and $0 for the three months ended June 30, 2025 and 2024, respectively and $(2) and $3 for the six months ended June 30, 2025 and 2024, respectively	3	—	(5)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of $0 for the three months ended June 30, 2025 and 2024, and $(1) and $1 for the six months ended June 30, 2025 and 2024, respectively	(1)	—	(3)	(1)
Net other comprehensive income (loss)	3	1	(7)	19
Comprehensive income attributable to common shareholders	$ 292	$ 278	$ 487	$ 481

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 494	$ 462
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Provision for losses on accounts receivable	19	8
Pension and non-pension postretirement benefits	(2)	(1)
Other non-cash, net	(36)	(27)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(146)	(96)
Income tax receivable	—	69
Pension contributions	(22)	(22)
Accounts payable and accrued liabilities	(59)	(79)
Accrued taxes	(42)	45
Other assets and liabilities, net	(62)	(50)
Net cash provided by operating activities	632	727
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,281)	(1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	(1,340)	(1,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	876	1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Advances and contributions in aid of construction, net of refunds of $16 and $16 for the six months ended June 30, 2025 and 2024, respectively	35	18
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other, net	6	2
Net cash provided by financing activities	703	478
Net decrease in cash, cash equivalents and restricted funds	(5)	(266)
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 135	$ 98
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 299	$ 375
Acquisition financed by treasury stock	$ 7	$ —
Non-cash financing activity:		
Settlements of long-term debt	$ 27	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock				Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534
Net income attributable to common shareholders	—	—	—	289	—	—	—	289
Common stock issuances (a)	—	—	10	—	—	—	—	10
Acquisitions via treasury stock	—	—	—	—	—	—	7	7
Net other comprehensive income	—	—	—	—	3	—	—	3
Dividends ($0.8275 declared per common share)	—	—	—	(161)	—	—	—	(161)
Balance as of June 30, 2025	200.5	$ 2	$ 8,621	$ 2,445	$ 5	(5.5)	$ (391)	$ 10,682

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock				Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of June 30, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of June 30, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of $16 million. The Company sold the tax credits to an external party for $15 million. As of June 30, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended June 30:

	2025	2024
Cash and cash equivalents	$ 94	$ 48
Restricted funds	17	50
Restricted funds included in other long-term assets	24	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 135	$ 98

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the six months ended June 30:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(19)	(8)
Amounts written off	16	11
Balance as of June 30	$ (56)	$ (48)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

Pending General Rate Case Filings

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company's California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 38

Pending Infrastructure Surcharge Filings

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 637	$ —	$ 637
Commercial	243	—	243
Fire service	48	—	48
Industrial	46	—	46
Public and other	78	—	78
Total water services	1,052	—	1,052
Wastewater services:			
Residential	71	—	71
Commercial	21	—	21
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	107	—	107
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	4	4
Lease contract revenue	—	1	1
Total Regulated Businesses	1,173	5	1,178
Other	99	(1)	98
Total operating revenues	$ 1,272	$ 4	$ 1,276

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 579	$ 1	$ 580
Commercial	216	1	217
Fire service	41	—	41
Industrial	46	—	46
Public and other	68	—	68
Total water services	950	2	952
Wastewater services:			
Residential	60	—	60
Commercial	16	—	16
Industrial	3	—	3
Public and other	9	—	9
Total wastewater services	88	—	88
Miscellaneous utility charges	10	—	10
Alternative revenue programs	—	5	5
Lease contract revenue	—	2	2
Total Regulated Businesses	1,048	9	1,057
Other	92	—	92
Total operating revenues	$ 1,140	$ 9	$ 1,149

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,197	$ —	$ 1,197
Commercial	455	—	455
Fire service	93	—	93
Industrial	91	—	91
Public and other	145	—	145
Total water services	1,981	—	1,981
Wastewater services:			
Residential	139	—	139
Commercial	39	—	39
Industrial	10	—	10
Public and other	20	—	20
Total wastewater services	208	—	208
Miscellaneous utility charges	25	—	25
Alternative revenue programs	—	10	10
Lease contract revenue	—	3	3
Total Regulated Businesses	2,214	13	2,227
Other	192	(1)	191
Total operating revenues	$ 2,406	$ 12	$ 2,418

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,083	$ 1	$ 1,084
Commercial	403	1	404
Fire service	82	—	82
Industrial	88	—	88
Public and other	124	—	124
Total water services	1,780	2	1,782
Wastewater services:			
Residential	119	—	119
Commercial	32	—	32
Industrial	5	—	5
Public and other	17	—	17
Total wastewater services	173	—	173
Miscellaneous utility charges	19	—	19
Alternative revenue programs	—	7	7
Lease contract revenue	—	4	4
Total Regulated Businesses	1,972	13	1,985
Other	175	—	175
Total operating revenues	$ 2,147	$ 13	$ 2,160

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $149 million and $84 million are included in unbilled revenues on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract assets of $5 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Contract liabilities of $25 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract liabilities of $24 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Revenues recognized for the six months ended June 30, 2025 and 2024, from amounts included in contract liabilities were $46 million and $49 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of June 30, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of June 30, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $560 million as of June 30, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the six months ended June 30, 2025, the Company closed on seven acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $18 million, which added approximately 7,600 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,702 shares of parent company common stock. Assets acquired from the seven acquisitions, principally utility plant, totaled $17 million and liabilities assumed totaled $6 million. The Company recorded goodwill of $7 million associated with three of its acquisitions, which is reported in the Company's Regulated Businesses segment. Four of these acquisitions were accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the periods ended June 30, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of June 30, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million of interest income during each of the three months ended June 30, 2025 and 2024, and $40 million and $37 million of interest income during the six months ended June 30, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2
Other comprehensive (loss) income before reclassifications	—	—	—	3	(1)	2
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	3	(1)	3
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	—	—	1
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the six months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(5)	1	(4)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(5)	(3)	(7)
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	19	(1)	19
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On June 3, 2025, the Company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of May 13, 2025.

On July 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on September 3, 2025, to shareholders of record as of August 12, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the six months ended June 30, 2025, the Company's regulated subsidiaries issued in the aggregate $79 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.71%, a weighted average interest rate of 2.47%, and maturity dates ranging from 2025 through 2054. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the six months ended June 30, 2025, were collateralized. During the six months ended June 30, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled $633 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 2.97%, and maturity dates ranging from 2025 to 2061.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of $180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of $170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million, realizing a pre-tax net gain of $12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1,591 million and $880 million as of June 30, 2025, and December 31, 2024, respectively, or net of discount $1,589 million and $879 million as of June 30, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively. At June 30, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	$ 1,009	$ 66	$ 1,075

(a) Total remaining availability of $1.1 billion as of June 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	$ 94	$ 1,075	$ 1,169
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 23.1% and 23.3% for the three months ended June 30, 2025 and 2024, respectively, and 23.5% and 23.4% for the six months ended June 30, 2025 and 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBB will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of June 30, 2025, the Company has a CAMT credit carryforward of $151 million.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 7	$ 9
Interest cost	22	21	43	42
Expected return on plan assets	(23)	(23)	(45)	(47)
Amortization of prior service credit	(1)	(1)	(2)	(2)
Amortization of actuarial loss	6	6	11	12
Net periodic pension benefit cost	$ 8	$ 7	$ 14	$ 14
Components of net periodic other postretirement benefit credit:				
Service cost	$ —	$ —	$ —	$ 1
Interest cost	3	3	6	6
Expected return on plan assets	(3)	(3)	(6)	(6)
Amortization of prior service credit	(8)	(8)	(16)	(16)
Net periodic other postretirement benefit credit	$ (8)	$ (8)	$ (16)	$ (15)

The Company contributed $11 million and $22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2025, respectively, and contributed $11 million and $22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2024, respectively. The Company expects to make additional pension contributions to the plan trusts of $22 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of June 30, 2025, the Company has accrued approximately $19 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Proposed Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. Under the terms of the Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025.

No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court. The final amount of the Company's and WVAWC's contributions to the Dunbar Settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed $5 million. As a result, the Company previously recorded a charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax), which has been maintained as of June 30, 2025. The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $300 million in aggregate costs as of June 30, 2025, related to the Water Supply Project, which includes $97 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	195
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and six months ended June 30, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of June 30, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $797 million and $793 million as of June 30, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of June 30, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,397	10,686	1,057	609	12,352

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	28	—	—	28
Deposits	52	—	—	52
Other investments:				
Money market and other	25	—	—	25
Fixed-income securities	65	6	—	71
Mark-to-market derivative asset	—	4	—	4
Total assets	211	10	—	221
Liabilities:				
Deferred compensation obligations	34	—	—	34
Mark-to-market derivative liability	—	1	—	1
Total liabilities	34	1	—	35
Total assets	$ 177	$ 9	$ —	$ 186

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $24 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds, including the initial settlement payment from the MDL, and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $81 million and $71 million in other current assets, as of June 30, 2025, and December 31, 2024, respectively, and $15 million and $44 million in other long-term assets, as of June 30, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of June 30, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 72	$ —	$ 1	$ 71

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of June 30, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 34
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 71

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of June 30, 2025, and December 31, 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $2 million in 2025, $4 million each year in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for each of the three months ended June 30, 2025 and 2024, and $6 million for each of the six months ended June 30, 2025 and 2024.

For the three and six months ended June 30, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million and $6 million, respectively. For the six months ended June 30, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $7 million.

As of June 30, 2025, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of June 30, 2025, were $6 million in 2025, $11 million in 2026, $11 million in 2027, $9 million in 2028, $7 million in 2029, and $89 million thereafter. As of June 30, 2025, imputed interest was $48 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,178	$ 98	$ 1,276
Less:			
Operation and maintenance (a)	406	74	480
Other segment items (b)	68	2	70
Depreciation and amortization	217	4	221
Interest expense	116	35	151
Interest income	(1)	(21)	(22)
Provision for income taxes	84	3	87
Net income attributable to common shareholders	$ 288	$ 1	$ 289
Total assets	$ 31,005	$ 2,908	$ 33,913
Cash paid for capital expenditures	$ 733	$ —	$ 733

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,057	$ 92	$ 1,149
Less:			
Operation and maintenance (a)	356	71	427
Other segment items (b)	63	(1)	62
Depreciation and amortization	189	4	193
Interest expense	102	29	131
Interest income	(5)	(20)	(25)
Provision for income taxes	78	6	84
Net income attributable to common shareholders	$ 274	$ 3	$ 277
Total assets	$ 28,843	$ 2,372	$ 31,215
Cash paid for capital expenditures	$ 668	$ 2	$ 670

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 2,227	$ 191	$ 2,418
Less:			
Operation and maintenance (a)	801	147	948
Other segment items (b)	135	1	136
Depreciation and amortization	430	7	437
Interest expense	230	65	295
Interest income	(2)	(42)	(44)
Provision for income taxes	144	8	152
Net income attributable to common shareholders	$ 489	$ 5	$ 494
Total assets	$ 31,005	$ 2,908	$ 33,913
Cash paid for capital expenditures	$ 1,278	$ 3	$ 1,281

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,985	$ 175	$ 2,160
Less:			
Operation and maintenance (a)	707	136	843
Other segment items (b)	124	3	127
Depreciation and amortization	373	8	381
Interest expense	199	56	255
Interest income	(8)	(41)	(49)
Provision for income taxes	131	10	141
Net income attributable to common shareholders	$ 459	$ 3	$ 462
Total assets	$ 28,843	$ 2,372	$ 31,215
Cash paid for capital expenditures	$ 1,271	$ 8	$ 1,279

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and six months ended June 30, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.48 and $2.53, respectively, compared to $1.42 and $2.37 per share in the same periods in 2024. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and six months ended June 30, 2025 compared to the same periods in 2024, reflect an estimated net unfavorable impact of weather of $0.06 per share, including an estimated $0.03 per share of unfavorable impact due to wet weather in the second quarter of 2025, across many states, and an estimated $0.03 per share of favorable impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately $3.3 billion in these growth strategies in 2025. During the first six months of 2025, the Company invested $1.3 billion, in the Regulated Businesses, as discussed below.

- $1.3 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $21 million to fund acquisitions in the Regulated Businesses, which added approximately 7,600 customers. This includes the Company's acquisition effective May 28, 2025, of all the outstanding capital stock of Audubon Water Company ("Audubon"), for total consideration of $7 million in the form of shares of parent company common stock.
- Approximately 9,000 new customers were added through organic growth in existing systems.

Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia.

Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective public utility commissions. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of required regulatory approvals by PUCs, the absence of certain legal restraints prohibiting or making illegal the consummation of the transactions contemplated by the Purchase Agreement, and the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Purchase Agreement also provides that Seller's and the Company's obligations to complete the closing are subject to the absence of any required regulatory approval that has become final and imposes terms or conditions on a party that would reasonably be expected to, in the case of Seller, be adverse to Seller or its affiliates (other than the Acquired Entities) after giving effect to these transactions and, in the case of the Company, result in a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of the Company and its Regulated Businesses within the eight applicable states, taken together as a whole, without giving effect to these transactions (a "Burdensome Effect"). The Company currently anticipates that the closing will occur by or before August 2026.

The Purchase Agreement may be terminated by the Company or the Seller under certain circumstances, including if the closing has not occurred on or before August 19, 2026, subject to up to two three-month extensions in order to obtain required regulatory approvals, by the Company if any final required regulatory approval imposes terms or conditions that would have a Burdensome Effect, and by either party if any legal restraint permanently prohibiting the closing becomes final and non-appealable or in the event of certain breaches or failures to perform obligations under the Purchase Agreement by the other party. If the Purchase Agreement is terminated, such termination will be without liability of a party to the other party to the Purchase Agreement, except in the case of termination due to fraud or willful breach of the Purchase Agreement by a party thereto, and the Company will be required to pay to Seller a cash termination fee of approximately $16 million in the event of a termination of the Purchase Agreement under conditions set forth therein for (i) failure to obtain a required regulatory approval, (ii) the existence of an applicable legal restraint prohibiting the consummation of the closing or (iii) the existence of a final required regulatory approval that imposes terms or conditions that would have a Burdensome Effect.

Including the Purchase Agreement, as of June 30, 2025, the Company had entered into 17 agreements with a total aggregate purchase price of $499 million for pending acquisitions in the Regulated Businesses to add approximately 84,000 additional customers.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident agreed to voluntarily dismiss their consolidated Federal court lawsuit without prejudice. An order of voluntary dismissal was entered on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

Pending General Rate Case Filings

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company's California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 38

Pending Infrastructure Surcharge Filings

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Three Months Ended June 30, 2025	2024	For the Six Months Ended June 30, 2025	2024
Operating revenues	$ 1,276	$ 1,149	$ 2,418	$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended June 30, 2025	2024	For the Six Months Ended June 30, 2025	2024
Operating revenues	$ 1,178	$ 1,057	$ 2,227	$ 1,985
Operation and maintenance	406	356	801	707
Depreciation and amortization	217	189	430	373
General taxes	81	77	162	153
Other	—	(1)	—	(1)
Other (expense) income	(102)	(84)	(201)	(163)
Provision for income taxes	84	78	144	131
Net income attributable to common shareholders	$ 288	$ 274	$ 489	$ 459

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Water services:				
Residential	$ 637	$ 580	$ 1,197	$ 1,084
Commercial	243	217	455	404
Fire service	48	41	93	82
Industrial	46	46	91	88
Public and other	82	73	155	131
Total water services	1,056	957	1,991	1,789
Wastewater services:				
Residential	71	60	139	119
Commercial	21	16	39	32
Industrial	5	3	10	5
Public and other	10	9	20	17
Total wastewater services	107	88	208	173
Other (a)	15	12	28	23
Total operating revenues	$ 1,178	$ 1,057	$ 2,227	$ 1,985

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Billed water services volumes:				
Residential	37,423	38,201	72,114	72,615
Commercial	19,066	19,291	36,263	36,582
Industrial	8,660	9,710	17,314	18,047
Fire service, public and other	12,643	13,698	25,035	24,814
Total billed water services volumes	77,792	80,900	150,726	152,058

For the three and six months ended June 30, 2025, operating revenues increased $121 million and $242 million, respectively, primarily due to increases of $119 million and $213 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $11 million and $25 million for the three and six months ended June 30, 2025, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Operating revenues were also higher for the three and six months ended June 30, 2025, in the Company's California subsidiary, due to a change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024. These increases were partially offset by a $17 million estimated net decrease for both the three and six months ended June 30, 2025, due to unfavorable weather impacts in the second quarter of 2025 and warm, dry weather in the second quarter of 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Employee-related costs	$ 140	$ 136	$ 289	$ 271
Production costs	117	109	223	211
Operating supplies and services	84	61	156	124
Maintenance materials and supplies	26	19	55	41
Customer billing and accounting	22	14	42	28
Other	17	17	36	32
Total operation and maintenance expense	$ 406	$ 356	$ 801	$ 707

For the three and six months ended June 30, 2025, operation and maintenance expense increased $50 million and $94 million, respectively, due to increases from employee-related costs, increased operating supplies and services costs primarily from higher technology related costs, increased production costs primarily from higher purchased water cost and power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other maintenance costs.

Depreciation and Amortization

For the three and six months ended June 30, 2025, depreciation and amortization increased $28 million and $57 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three and six months ended June 30, 2025, general taxes increased $4 million and $9 million, respectively, primarily due to incremental property taxes, higher capital stock taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and six months ended June 30, 2025, other expenses increased $18 million and $38 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three and six months ended June 30, 2025, the Regulated Businesses' provision for income taxes increased $6 million and $13 million, respectively. The Regulated Businesses' effective income tax rate was 22.6% and 22.2% for the three months ended June 30, 2025 and 2024, respectively, and 22.7% and 22.2% for the six months ended June 30, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Operating revenues	$ 98	$ 92	$ 191	$ 175
Operation and maintenance	74	71	147	136
Depreciation and amortization	4	4	7	8
General taxes	5	4	11	9
Interest expense	(35)	(29)	(65)	(56)
Interest income	21	20	42	41
Other income	3	5	10	6
Provision for income taxes	3	6	8	10
Net income attributable to common shareholders	$ 1	$ 3	$ 5	$ 3

Operating Revenues

For the three and six months ended June 30, 2025, operating revenues increased $6 million and $16 million, respectively, primarily from an increase in capital projects in the Contract Services Group ("CSG").

Operation and Maintenance

For the three and six months ended June 30, 2025, operation and maintenance expense increased $3 million and $11 million, respectively, primarily due to costs associated with CSG projects.

Interest expense

For the three and six months ended June 30, 2025, interest expense increased $6 million and $9 million, respectively, due to higher average commercial paper borrowings.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of July 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of July 30, 2025:

- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBB will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	$ 1,009	$ 66	$ 1,075

(a) Total remaining availability of $1.1 billion as of June 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	$ 94	$ 1,075	$ 1,169
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of $180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of $170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million, realizing a pre-tax net gain of $12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Net income	$ 494	$ 462
Add (less):		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Other non-cash activities (a)	(19)	(20)
Changes in assets and liabilities (b)	(309)	(111)
Pension contributions	(22)	(22)
Net cash provided by operating activities	$ 632	$ 727

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the six months ended June 30, 2025, cash flows provided by operating activities decreased $95 million, primarily due to the CAMT liability included in the Company's 2024 extension payment in the second quarter of 2025, utilization of income tax receivables in the prior year, and higher customer receivables and unbilled revenues in the current period. The decrease was partially offset by an increase in net income and depreciation.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (1,281)	$ (1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	$ (1,340)	$ (1,471)

For the six months ended June 30, 2025, cash flows used in investing activities decreased $131 million, primarily due to decreased payments for acquisitions in the current period. The Company plans to invest approximately $3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

	For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Proceeds from long-term debt, net of discount	$ 876	$ 1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other financing activities, net (a)	41	20
Net cash provided by financing activities	$ 703	$ 478

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the six months ended June 30, 2025, cash flows provided by financing activities increased $225 million, primarily due to higher short-term commercial paper borrowings in the current period compared to repayments of commercial paper in the prior period, partially offset by lower proceeds from the issuance of long-term debt and higher repayments of long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On June 30, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of July 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for certain of the Water Supply Project's extraction wells.

On May 9, 2025, the CPUC issued a proposed decision in the Phase 2 that is focusing on updated supply and demand estimates for the Water Supply Project, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

Coastal Development Permit Application

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements were filed identifying issues that were believed to have not been addressed in the intended decision. On May 12, 2025, the court entered its final decision denying the petition in full.

Water Supply Project Land Acquisition and Slant Well Site Use

On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. A trial in the City's May 2020 lawsuit against Cal Am and CEMEX is set to begin in November 2025.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

Dunbar, West Virginia Class Action Litigation Proposed Settlement

On May 2, 2025, the parties jointly filed for approval by the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly-submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025. No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court.

PFAS Multi-District Litigation

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuance of Shares in Connection with Acquisition of Audubon Water Company

Effective May 28, 2025, the Company issued 48,381 shares of its common stock (the "Shares"), net of an indemnity escrow claim, as consideration for the merger (the "Audubon Merger") of a wholly owned subsidiary of the Company with and into Audubon, with Audubon being the surviving entity immediately following such merger, in a transaction not involving a public offering of securities in reliance upon Section 4(a)(2) of the Securities Act. Promptly following the closing of the Audubon Merger, Audubon was merged with and into the Company's Pennsylvania subsidiary. The Shares were issued out of the Company's existing treasury stock, with restrictive legends thereupon, to or for the benefit of an irrevocable trust that was, immediately prior to the closing of the Audubon Merger, the sole shareholder of Audubon.

Anti-dilutive Stock Repurchase Program

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended June 30, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through June 30, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company's Inc. Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors.
10.4	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.5	Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.12 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
*31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Purchase and Sale Agreement filed as Exhibit 2.2, and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of July, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.

2017 OMNIBUS EQUITY COMPENSATION PLAN

STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of May 14, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined to grant each non-employee director of the Company on the date of the Company's 2025 Annual Meeting of Shareholders a stock unit grant that will be immediately converted to shares of common stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Participant is a non-employee director on the Board; and

WHEREAS, the Board has determined that the stock unit grant granted to the Participant shall be issued under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan") and the terms and conditions thereof shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Stock Units"). Each Stock Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable distribution date, as described in Paragraph 4 below.

2. Stock Unit Account. The Company shall establish and maintain a Stock Unit account as a bookkeeping account on its records (the "Stock Unit Account") for the Participant and shall record in such Stock Unit Account the number of Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Stock Unit Account established for the Participant.

3. Vesting. The Participant shall be fully vested in the Stock Units credited to the Participant's Stock Unit Account pursuant to this Grant on the Date of Grant.

4. Distribution. The Stock Units shall be converted to shares of Company Stock on the Date of Grant and such shares of stock shall be distributed by the Company within thirty (30) days after the Date of Grant.

5. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any

time be at issue, to the fullest extent permitted by applicable law. The Participant also hereby agrees to be bound by the terms and conditions of the Plan and this Grant. The Participant further agrees to be bound by the determinations and decisions of the Board with respect to this Grant and the Plan and the Participant's rights to benefits under this Grant and the Plan, and agrees that all such determinations and decisions of the Board shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

6. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) The obligation of the Company to deliver shares of Company Stock upon the distribution of the Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(b) As a condition to receive any shares of Company Stock upon conversion of the Stock Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and its Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the distribution of the Stock Units shall not be transferred or disposed of by any means until the Participant owns enough shares of Company Stock, or shares underlying stock units convertible into shares of Company Stock, or time-based restricted Company Stock, to meet or exceed five (5) times the Participant's annual cash retainer, which ownership requirement must be satisfied by the fifth (5th) anniversary of the Participant's commencement of service as a director on the Board.

7. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares of Company Stock, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder and the

Participant's acceptance of this Grant is the Participant's agreement to be bound by the interpretations and decisions of the Board with respect to this Grant and the Plan.

8. No Rights to Continued Service. This Grant shall not confer upon the Participant any right to be retained in the service of the Employer (as defined in the Plan) and shall not interfere in any way with the right to terminate the Participant's service at any time.

9. Assignment and Transfers. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

10. Withholding. To the extent required by applicable law, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Grant, vesting or distribution of the Stock Units.

11. Effect on Other Benefits. The value of shares of Company Stock distributed with respect to the Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

12. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

13. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile, e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means), or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

July 30, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
July 30, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of July 21, 2025
Common Stock, par value $0.01 per share	**195,098,566**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity, and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;
- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
    - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain required regulatory approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
    - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
    - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
    - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
    - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of or, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
    - any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
    - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
    - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;

- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 36,137	$ 35,059
Accumulated depreciation	(7,205)	(7,021)
Property, plant and equipment, net	28,932	28,038
Current assets:		
Cash and cash equivalents	94	96
Restricted funds	17	29
Accounts receivable, net of allowance for uncollectible accounts of $56 and $53, respectively	424	416
Income tax receivable	25	25
Unbilled revenues	434	315
Materials and supplies	109	103
Other	296	231
Total current assets	1,399	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,178	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	89	89
Goodwill	1,151	1,144
Other	369	399
Total regulatory and other long-term assets	3,582	3,577
Total assets	$ 33,913	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	June 30, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,551,058 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,621	8,598
Retained earnings	2,445	2,112
Accumulated other comprehensive income	5	12
Treasury stock, at cost (5,452,694 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,682	10,332
Long-term debt	12,278	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,281	12,521
Total capitalization	22,963	22,853
Current liabilities:		
Short-term debt	1,589	879
Current portion of long-term debt	1,119	637
Accounts payable	306	346
Accrued liabilities	569	791
Accrued taxes	107	156
Accrued interest	119	111
Other	182	230
Total current liabilities	3,991	3,150
Regulatory and other long-term liabilities:		
Advances for construction	410	383
Deferred income taxes and investment tax credits	2,990	2,881
Regulatory liabilities	1,420	1,416
Operating lease liabilities	77	76
Accrued pension expense	207	217
Other	255	277
Total regulatory and other long-term liabilities	5,359	5,250
Contributions in aid of construction	1,600	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 33,913	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Operating revenues	$ 1,276	$ 1,149	$ 2,418	$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Basic earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Diluted earnings per share:				
Net income attributable to common shareholders	$ 1.48	$ 1.42	$ 2.53	$ 2.37
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Other comprehensive income (loss), net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended June 30, 2025 and 2024, respectively and $0 for the six months ended June 30, 2025 and 2024, respectively	1	1	1	1
Unrealized gain (loss) on cash flow hedges, net of tax of $1 and $0 for the three months ended June 30, 2025 and 2024, respectively and $(2) and $3 for the six months ended June 30, 2025 and 2024, respectively	3	—	(5)	19
Unrealized loss on available-for-sale fixed-income securities, net of tax of $0 for the three months ended June 30, 2025 and 2024, and $(1) and $1 for the six months ended June 30, 2025 and 2024, respectively	(1)	—	(3)	(1)
Net other comprehensive income (loss)	3	1	(7)	19
Comprehensive income attributable to common shareholders	$ 292	$ 278	$ 487	$ 481

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 494	$ 462
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Provision for losses on accounts receivable	19	8
Pension and non-pension postretirement benefits	(2)	(1)
Other non-cash, net	(36)	(27)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(146)	(96)
Income tax receivable	—	69
Pension contributions	(22)	(22)
Accounts payable and accrued liabilities	(59)	(79)
Accrued taxes	(42)	45
Other assets and liabilities, net	(62)	(50)
Net cash provided by operating activities	632	727
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,281)	(1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	(1,340)	(1,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	876	1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Advances and contributions in aid of construction, net of refunds of $16 and $16 for the six months ended June 30, 2025 and 2024, respectively	35	18
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other, net	6	2
Net cash provided by financing activities	703	478
Net decrease in cash, cash equivalents and restricted funds	(5)	(266)
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 135	$ 98
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 299	$ 375
Acquisition financed by treasury stock	$ 7	$ —
Non-cash financing activity:		
Settlements of long-term debt	$ 27	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock				Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534
Net income attributable to common shareholders	—	—	—	289	—	—	—	289
Common stock issuances (a)	—	—	10	—	—	—	—	10
Acquisitions via treasury stock	—	—	—	—	—	—	7	7
Net other comprehensive income	—	—	—	—	3	—	—	3
Dividends ($0.8275 declared per common share)	—	—	—	(161)	—	—	—	(161)
Balance as of June 30, 2025	200.5	$ 2	$ 8,621	$ 2,445	$ 5	(5.5)	$ (391)	$ 10,682

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock				Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of June 30, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of June 30, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In the first quarter of 2024, the NJEDA issued the utilization certificate for the 2021 tax credits to the Company in the amount of $16 million. The Company sold the tax credits to an external party for $15 million. As of June 30, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2024 and 2023. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2023 tax credits in 2025 and the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended June 30:

	2025	2024
Cash and cash equivalents	$ 94	$ 48
Restricted funds	17	50
Restricted funds included in other long-term assets	24	—
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 135	$ 98

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the six months ended June 30:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(19)	(8)
Amounts written off	16	11
Balance as of June 30	$ (56)	$ (48)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

Pending General Rate Case Filings

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company's California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 38

Pending Infrastructure Surcharge Filings

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 637	$ —	$ 637
Commercial	243	—	243
Fire service	48	—	48
Industrial	46	—	46
Public and other	78	—	78
Total water services	1,052	—	1,052
Wastewater services:			
Residential	71	—	71
Commercial	21	—	21
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	107	—	107
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	4	4
Lease contract revenue	—	1	1
Total Regulated Businesses	1,173	5	1,178
Other	99	(1)	98
Total operating revenues	$ 1,272	$ 4	$ 1,276

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* (“ASC 606”), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 579	$ 1	$ 580
Commercial	216	1	217
Fire service	41	—	41
Industrial	46	—	46
Public and other	68	—	68
Total water services	950	2	952
Wastewater services:			
Residential	60	—	60
Commercial	16	—	16
Industrial	3	—	3
Public and other	9	—	9
Total wastewater services	88	—	88
Miscellaneous utility charges	10	—	10
Alternative revenue programs	—	5	5
Lease contract revenue	—	2	2
Total Regulated Businesses	1,048	9	1,057
Other	92	—	92
Total operating revenues	$ 1,140	$ 9	$ 1,149

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,197	$ —	$ 1,197
Commercial	455	—	455
Fire service	93	—	93
Industrial	91	—	91
Public and other	145	—	145
Total water services	1,981	—	1,981
Wastewater services:			
Residential	139	—	139
Commercial	39	—	39
Industrial	10	—	10
Public and other	20	—	20
Total wastewater services	208	—	208
Miscellaneous utility charges	25	—	25
Alternative revenue programs	—	10	10
Lease contract revenue	—	3	3
Total Regulated Businesses	2,214	13	2,227
Other	192	(1)	191
Total operating revenues	$ 2,406	$ 12	$ 2,418

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the six months ended June 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,083	$ 1	$ 1,084
Commercial	403	1	404
Fire service	82	—	82
Industrial	88	—	88
Public and other	124	—	124
Total water services	1,780	2	1,782
Wastewater services:			
Residential	119	—	119
Commercial	32	—	32
Industrial	5	—	5
Public and other	17	—	17
Total wastewater services	173	—	173
Miscellaneous utility charges	19	—	19
Alternative revenue programs	—	7	7
Lease contract revenue	—	4	4
Total Regulated Businesses	1,972	13	1,985
Other	175	—	175
Total operating revenues	$ 2,147	$ 13	$ 2,160

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $149 million and $84 million are included in unbilled revenues on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract assets of $5 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Contract liabilities of $25 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Also, contract liabilities of $24 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively. Revenues recognized for the six months ended June 30, 2025 and 2024, from amounts included in contract liabilities were $46 million and $49 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of June 30, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of June 30, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $560 million as of June 30, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

Closed Acquisitions

During the six months ended June 30, 2025, the Company closed on seven acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $18 million, which added approximately 7,600 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,702 shares of parent company common stock. Assets acquired from the seven acquisitions, principally utility plant, totaled $17 million and liabilities assumed totaled $6 million. The Company recorded goodwill of $7 million associated with three of its acquisitions, which is reported in the Company's Regulated Businesses segment. Four of these acquisitions were accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the periods ended June 30, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of June 30, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million of interest income during each of the three months ended June 30, 2025 and 2024, and $40 million and $37 million of interest income during the six months ended June 30, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2
Other comprehensive (loss) income before reclassifications	—	—	—	3	(1)	2
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	3	(1)	3
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Balance as of March 31, 2024	$ (96)	$ 1	$ 74	$ 10	$ 3	$ (8)
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	—	—	1
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the six months ended June 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(5)	1	(4)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(5)	(3)	(7)
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income (loss) before reclassifications	—	—	—	19	(1)	18
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income (loss)	—	—	1	19	(1)	19
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On June 3, 2025, the Company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of May 13, 2025.

On July 30, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on September 3, 2025, to shareholders of record as of August 12, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On February 27, 2025, American Water Capital Corp. ("AWCC") completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the six months ended June 30, 2025, the Company's regulated subsidiaries issued in the aggregate $79 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.71%, a weighted average interest rate of 2.47%, and maturity dates ranging from 2025 through 2054. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the six months ended June 30, 2025, were collateralized. During the six months ended June 30, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled $633 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 2.97%, and maturity dates ranging from 2025 to 2061.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of $180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of $170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million, realizing a pre-tax net gain of $12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1,591 million and $880 million as of June 30, 2025, and December 31, 2024, respectively, or net of discount $1,589 million and $879 million as of June 30, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively. At June 30, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	$ 1,009	$ 66	$ 1,075

(a) Total remaining availability of $1.1 billion as of June 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of June 30, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	$ 94	$ 1,075	$ 1,169
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 23.1% and 23.3% for the three months ended June 30, 2025 and 2024, respectively, and 23.5% and 23.4% for the six months ended June 30, 2025 and 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBB will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of June 30, 2025, the Company has a CAMT credit carryforward of $151 million.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 7	$ 9
Interest cost	22	21	43	42
Expected return on plan assets	(23)	(23)	(45)	(47)
Amortization of prior service credit	(1)	(1)	(2)	(2)
Amortization of actuarial loss	6	6	11	12
Net periodic pension benefit cost	$ 8	$ 7	$ 14	$ 14
Components of net periodic other postretirement benefit credit:				
Service cost	$ —	$ —	$ —	$ 1
Interest cost	3	3	6	6
Expected return on plan assets	(3)	(3)	(6)	(6)
Amortization of prior service credit	(8)	(8)	(16)	(16)
Net periodic other postretirement benefit credit	$ (8)	$ (8)	$ (16)	$ (15)

The Company contributed $11 million and $22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2025, respectively, and contributed $11 million and $22 million for the funding of its defined benefit pension plans for the three and six months ended June 30, 2024, respectively. The Company expects to make additional pension contributions to the plan trusts of $22 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of June 30, 2025, the Company has accrued approximately $19 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Proposed Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. Under the terms of the Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The proposed maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the Company currently estimates that approximately $5 million would be contributed by the Company and WVAWC, and the remainder would be contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025.

No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court. The final amount of the Company's and WVAWC's contributions to the Dunbar Settlement remains subject to uncertainty and will depend in part on the amount of claims ultimately submitted and approved through the above-referenced claims process; however, the Company does not currently anticipate that its maximum liability will exceed $5 million. As a result, the Company previously recorded a charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax), which has been maintained as of June 30, 2025. The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which, upon motion of the parties, has been reset to March 16, 2026, to allow for the completion of discovery.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $300 million in aggregate costs as of June 30, 2025, related to the Water Supply Project, which includes $97 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City of Marina (the "City") for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, Marina Coast Water District ("MCWD"), MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City of Marina. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	195
Effect of dilutive common stock equivalents	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and six months ended June 30, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of June 30, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $797 million and $793 million as of June 30, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of June 30, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,397	10,686	1,057	609	12,352

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	28	—	—	28
Deposits	52	—	—	52
Other investments:				
Money market and other	25	—	—	25
Fixed-income securities	65	6	—	71
Mark-to-market derivative asset	—	4	—	4
Total assets	211	10	—	221
Liabilities:				
Deferred compensation obligations	34	—	—	34
Mark-to-market derivative liability	—	1	—	1
Total liabilities	34	1	—	35
Total assets	$ 177	$ 9	$ —	$ 186

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $24 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of June 30, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds, including the initial settlement payment from the MDL, and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

The Company includes other investments measured and recorded at fair value on the Consolidated Balance Sheets of $81 million and $71 million in other current assets, as of June 30, 2025, and December 31, 2024, respectively, and $15 million and $44 million in other long-term assets, as of June 30, 2025, and December 31, 2024, respectively. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of June 30, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 72	$ —	$ 1	$ 71

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of June 30, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 34
1 year - 5 years	25
5 years - 10 years	5
Greater than 10 years	7
Total	$ 71

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 40 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of June 30, 2025, and December 31, 2024, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $2 million in 2025, $4 million each year in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for each of the three months ended June 30, 2025 and 2024, and $6 million for each of the six months ended June 30, 2025 and 2024.

For the three and six months ended June 30, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million and $6 million, respectively. For the six months ended June 30, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $7 million.

As of June 30, 2025, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of June 30, 2025, were $6 million in 2025, $11 million in 2026, $11 million in 2027, $9 million in 2028, $7 million in 2029, and $89 million thereafter. As of June 30, 2025, imputed interest was $48 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,178	$ 98	$ 1,276
Less:			
Operation and maintenance (a)	406	74	480
Other segment items (b)	68	2	70
Depreciation and amortization	217	4	221
Interest expense	116	35	151
Interest income	(1)	(21)	(22)
Provision for income taxes	84	3	87
Net income attributable to common shareholders	$ 288	$ 1	$ 289
Total assets	$ 31,005	$ 2,908	$ 33,913
Cash paid for capital expenditures	$ 733	$ —	$ 733

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,057	$ 92	$ 1,149
Less:			
Operation and maintenance (a)	356	71	427
Other segment items (b)	63	(1)	62
Depreciation and amortization	189	4	193
Interest expense	102	29	131
Interest income	(5)	(20)	(25)
Provision for income taxes	78	6	84
Net income attributable to common shareholders	$ 274	$ 3	$ 277
Total assets	$ 28,843	$ 2,372	$ 31,215
Cash paid for capital expenditures	$ 668	$ 2	$ 670

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 2,227	$ 191	$ 2,418
Less:			
Operation and maintenance (a)	801	147	948
Other segment items (b)	135	1	136
Depreciation and amortization	430	7	437
Interest expense	230	65	295
Interest income	(2)	(42)	(44)
Provision for income taxes	144	8	152
Net income attributable to common shareholders	$ 489	$ 5	$ 494
Total assets	$ 31,005	$ 2,908	$ 33,913
Cash paid for capital expenditures	$ 1,278	$ 3	$ 1,281

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Six Months Ended June 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,985	$ 175	$ 2,160
Less:			
Operation and maintenance (a)	707	136	843
Other segment items (b)	124	3	127
Depreciation and amortization	373	8	381
Interest expense	199	56	255
Interest income	(8)	(41)	(49)
Provision for income taxes	131	10	141
Net income attributable to common shareholders	$ 459	$ 3	$ 462
Total assets	$ 28,843	$ 2,372	$ 31,215
Cash paid for capital expenditures	$ 1,271	$ 8	$ 1,279

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and six months ended June 30, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.48 and $2.53, respectively, compared to $1.42 and $2.37 per share in the same periods in 2024. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and six months ended June 30, 2025 compared to the same periods in 2024, reflect an estimated net unfavorable impact of weather of $0.06 per share, including an estimated $0.03 per share of unfavorable impact due to wet weather in the second quarter of 2025, across many states, and an estimated $0.03 per share of favorable impact due to warm, dry weather in the second quarter of 2024, primarily in New Jersey.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company plans to invest approximately $3.3 billion in these growth strategies in 2025. During the first six months of 2025, the Company invested $1.3 billion, in the Regulated Businesses, as discussed below.

- $1.3 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $21 million to fund acquisitions in the Regulated Businesses, which added approximately 7,600 customers. This includes the Company's acquisition effective May 28, 2025, of all the outstanding capital stock of Audubon Water Company ("Audubon"), for total consideration of $7 million in the form of shares of parent company common stock.
- Approximately 9,000 new customers were added through organic growth in existing systems.

Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia.

Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective public utility commissions. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of required regulatory approvals by PUCs, the absence of certain legal restraints prohibiting or making illegal the consummation of the transactions contemplated by the Purchase Agreement, and the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Purchase Agreement also provides that Seller's and the Company's obligations to complete the closing are subject to the absence of any required regulatory approval that has become final and imposes terms or conditions on a party that would reasonably be expected to, in the case of Seller, be adverse to Seller or its affiliates (other than the Acquired Entities) after giving effect to these transactions and, in the case of the Company, result in a material adverse effect on the business, assets, liabilities, properties, financial condition or results of operations of the Company and its Regulated Businesses within the eight applicable states, taken together as a whole, without giving effect to these transactions (a "Burdensome Effect"). The Company currently anticipates that the closing will occur by or before August 2026.

The Purchase Agreement may be terminated by the Company or the Seller under certain circumstances, including if the closing has not occurred on or before August 19, 2026, subject to up to two three-month extensions in order to obtain required regulatory approvals, by the Company if any final required regulatory approval imposes terms or conditions that would have a Burdensome Effect, and by either party if any legal restraint permanently prohibiting the closing becomes final and non-appealable or in the event of certain breaches or failures to perform obligations under the Purchase Agreement by the other party. If the Purchase Agreement is terminated, such termination will be without liability of a party to the other party to the Purchase Agreement, except in the case of termination due to fraud or willful breach of the Purchase Agreement by a party thereto, and the Company will be required to pay to Seller a cash termination fee of approximately $16 million in the event of a termination of the Purchase Agreement under conditions set forth therein for (i) failure to obtain a required regulatory approval, (ii) the existence of an applicable legal restraint prohibiting the consummation of the closing or (iii) the existence of a final required regulatory approval that imposes terms or conditions that would have a Burdensome Effect.

Including the Purchase Agreement, as of June 30, 2025, the Company had entered into 17 agreements with a total aggregate purchase price of $499 million for pending acquisitions in the Regulated Businesses to add approximately 84,000 additional customers.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident agreed to voluntarily dismiss their consolidated Federal court lawsuit without prejudice. An order of voluntary dismissal was entered on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of June 30, 2025. A corresponding amount was recorded as a regulatory liability as the Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Hawaii	August 2025 (a)	$ 1
Iowa	August 1, 2025 (b)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (c)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

(b) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(c) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates are expected to be effective in early August 2025, upon filing the revised tariff sheets and rate schedules.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024 by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing.

Pending General Rate Case Filings

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application is seeking an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the Company's California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which requires the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, has passed out of the California Senate and is currently awaiting action in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary anticipates that it will put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
New Jersey	May 30, 2025	$ 15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 38

Pending Infrastructure Surcharge Filings

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC is expected to conclude the investigation in the third quarter of 2025.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Operating revenues	$ 1,276	$ 1,149	$ 2,418	$ 2,160
Operating expenses:				
Operation and maintenance	480	427	948	843
Depreciation and amortization	221	193	437	381
General taxes	86	81	173	162
Other	—	(1)	—	(1)
Total operating expenses, net	787	700	1,558	1,385
Operating income	489	449	860	775
Other (expense) income:				
Interest expense	(151)	(131)	(295)	(255)
Interest income	22	25	44	49
Non-operating benefit costs, net	4	7	8	16
Other, net	12	11	29	18
Total other (expense) income	(113)	(88)	(214)	(172)
Income before income taxes	376	361	646	603
Provision for income taxes	87	84	152	141
Net income attributable to common shareholders	$ 289	$ 277	$ 494	$ 462

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Operating revenues	$ 1,178	$ 1,057	$ 2,227	$ 1,985
Operation and maintenance	406	356	801	707
Depreciation and amortization	217	189	430	373
General taxes	81	77	162	153
Other	—	(1)	—	(1)
Other (expense) income	(102)	(84)	(201)	(163)
Provision for income taxes	84	78	144	131
Net income attributable to common shareholders	$ 288	$ 274	$ 489	$ 459

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Water services:				
Residential	$ 637	$ 580	$ 1,197	$ 1,084
Commercial	243	217	455	404
Fire service	48	41	93	82
Industrial	46	46	91	88
Public and other	82	73	155	131
Total water services	1,056	957	1,991	1,789
Wastewater services:				
Residential	71	60	139	119
Commercial	21	16	39	32
Industrial	5	3	10	5
Public and other	10	9	20	17
Total wastewater services	107	88	208	173
Other (a)	15	12	28	23
Total operating revenues	$ 1,178	$ 1,057	$ 2,227	$ 1,985

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended June 30, 2025	For the Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2025	For the Six Months Ended June 30, 2024
Billed water services volumes:				
Residential	37,423	38,201	72,114	72,615
Commercial	19,066	19,291	36,263	36,582
Industrial	8,660	9,710	17,314	18,047
Fire service, public and other	12,643	13,698	25,035	24,814
Total billed water services volumes	77,792	80,900	150,726	152,058

For the three and six months ended June 30, 2025, operating revenues increased $121 million and $242 million, respectively, primarily due to increases of $119 million and $213 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $11 million and $25 million for the three and six months ended June 30, 2025, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Operating revenues were also higher for the three and six months ended June 30, 2025, in the Company's California subsidiary, due to a change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024. These increases were partially offset by a $17 million estimated net decrease for both the three and six months ended June 30, 2025, due to unfavorable weather impacts in the second quarter of 2025 and warm, dry weather in the second quarter of 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Employee-related costs	$ 140	$ 136	$ 289	$ 271
Production costs	117	109	223	211
Operating supplies and services	84	61	156	124
Maintenance materials and supplies	26	19	55	41
Customer billing and accounting	22	14	42	28
Other	17	17	36	32
Total operation and maintenance expense	$ 406	$ 356	$ 801	$ 707

For the three and six months ended June 30, 2025, operation and maintenance expense increased $50 million and $94 million, respectively, due to increases from employee-related costs, increased operating supplies and services costs primarily from higher technology related costs, increased production costs primarily from higher purchased water cost and power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other maintenance costs.

Depreciation and Amortization

For the three and six months ended June 30, 2025, depreciation and amortization increased $28 million and $57 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three and six months ended June 30, 2025, general taxes increased $4 million and $9 million, respectively, primarily due to incremental property taxes, higher capital stock taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and six months ended June 30, 2025, other expenses increased $18 million and $38 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three and six months ended June 30, 2025, the Regulated Businesses' provision for income taxes increased $6 million and $13 million, respectively. The Regulated Businesses' effective income tax rate was 22.6% and 22.2% for the three months ended June 30, 2025 and 2024, respectively, and 22.7% and 22.2% for the six months ended June 30, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Operating revenues	$ 98	$ 92	$ 191	$ 175
Operation and maintenance	74	71	147	136
Depreciation and amortization	4	4	7	8
General taxes	5	4	11	9
Interest expense	(35)	(29)	(65)	(56)
Interest income	21	20	42	41
Other income	3	5	10	6
Provision for income taxes	3	6	8	10
Net income attributable to common shareholders	$ 1	$ 3	$ 5	$ 3

Operating Revenues

For the three and six months ended June 30, 2025, operating revenues increased $6 million and $16 million, respectively, primarily from an increase in capital projects in the Contract Services Group ("CSG").

Operation and Maintenance

For the three and six months ended June 30, 2025, operation and maintenance expense increased $3 million and $11 million, respectively, primarily due to costs associated with CSG projects.

Interest expense

For the three and six months ended June 30, 2025, interest expense increased $6 million and $9 million, respectively, due to higher average commercial paper borrowings.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of July 30, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of July 30, 2025:

- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and will become effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The Company does not expect the OBBB will materially impact the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under American Water Capital Corp.'s ("AWCC") revolving credit facility.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased. As of June 30, 2025, the Notes were included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of June 30, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,591)	(84)	(1,675)
Remaining availability as of June 30, 2025	$ 1,009	$ 66	$ 1,075

(a) Total remaining availability of $1.1 billion as of June 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of June 30, 2025	$ 94	$ 1,075	$ 1,169
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.59% and 4.65% at June 30, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of June 30, 2025, the Company had five treasury lock agreements, with a term of 30 years and an aggregate notional amount of $180 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in December 2025 and March 2026 and have an average fixed interest rate of 4.73%. In July 2025, the Company entered into four treasury lock agreements, with a term of 30 years and an aggregate notional amount of $170 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2025 and have an average fixed interest rate of 4.93%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025, the Company terminated two treasury lock agreements designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million, realizing a pre-tax net gain of $12 million recorded in accumulated other comprehensive income. The gain will reduce interest rate exposure on any future debt issuance in 2025 and will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and six months ended June 30, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Net income	$ 494	$ 462
Add (less):		
Depreciation and amortization	437	381
Deferred income taxes and amortization of investment tax credits	51	37
Other non-cash activities (a)	(19)	(20)
Changes in assets and liabilities (b)	(309)	(111)
Pension contributions	(22)	(22)
Net cash provided by operating activities	$ 632	$ 727

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the six months ended June 30, 2025, cash flows provided by operating activities decreased $95 million, primarily due to the CAMT liability included in the Company's 2024 extension payment in the second quarter of 2025, utilization of income tax receivables in the prior year, and higher customer receivables and unbilled revenues in the current period. The decrease was partially offset by an increase in net income and depreciation.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Six Months Ended June 30,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (1,281)	$ (1,279)
Acquisitions, net of cash acquired	(13)	(119)
Removal costs from property, plant and equipment retirements, net	(71)	(73)
Purchases of available-for-sale fixed-income securities	(35)	—
Proceeds from sales and maturities of available-for-sale fixed-income securities	60	—
Net cash used in investing activities	$ (1,340)	$ (1,471)

For the six months ended June 30, 2025, cash flows used in investing activities decreased $131 million, primarily due to decreased payments for acquisitions in the current period. The Company plans to invest approximately $3.3 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Six Months Ended June 30, 2025	2024
Proceeds from long-term debt, net of discount	$ 876	$ 1,403
Repayments of long-term debt	(606)	(466)
Net short-term borrowings (repayments) with original maturities less than three months	710	(179)
Debt issuance costs	(7)	(13)
Dividends paid	(311)	(287)
Other financing activities, net (a)	41	20
Net cash provided by financing activities	$ 703	$ 478

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the six months ended June 30, 2025, cash flows provided by financing activities increased $225 million, primarily due to higher short-term commercial paper borrowings in the current period compared to repayments of commercial paper in the prior period, partially offset by lower proceeds from the issuance of long-term debt and higher repayments of long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On June 30, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of July 30, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of June 30, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K, and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for certain of the Water Supply Project's extraction wells.

On May 9, 2025, the CPUC issued a proposed decision in the Phase 2 that is focusing on updated supply and demand estimates for the Water Supply Project, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year. On June 18, 2025, the CPUC issued a decision extending the Phase 2 statutory deadline to October 31, 2025. This Phase 2 matter remains pending.

Coastal Development Permit Application

On March 28, 2025, the Monterey County Superior Court issued an intended decision to deny in full the joint petition for writ of mandate by the City, MCWD and MPWMD. As permitted by the court, written statements were filed identifying issues that were believed to have not been addressed in the intended decision. On May 12, 2025, the court entered its final decision denying the petition in full.

Water Supply Project Land Acquisition and Slant Well Site Use

On June 25, 2025, the SWRCB administrative hearing officer transmitted a final report of an advisory opinion to the SWRCB's board for approval, as well as to the parties and the Monterey County Superior Court. The final report analyzes potential impacts to the groundwater basin and groundwater users based on predictive modeling presented by the parties' experts, and concludes, among other things, that the slant well pumping is not expected to materially impact MCWD's water rights, or its ability to draw water from its wells. The report also finds that although some harm to the groundwater basin may occur in the form of increased seawater intrusion and lowering of groundwater levels, any such harm should be balanced against the benefits of the project, and could be avoided or remedied by a physical solution. A trial in the City's May 2020 lawsuit against Cal Am and CEMEX is set to begin in November 2025.

Regional Water Quality Control Board Approval of NPDES Permit Amendment

Following submission of the application to amend the relevant NPDES permit to the RWQCB, Cal Am's and Monterey One Water's consultants developed a less environmentally impactful alternative that reduces the number of outfall modifications required to accommodate brine discharge. The alternatives analysis was approved by Monterey One Water's board on June 30, 2025, and was submitted to the RWQCB on July 1, 2025.

Dunbar, West Virginia Class Action Litigation Proposed Settlement

On May 2, 2025, the parties jointly filed for approval by the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims submitted and approved through the claims process that is now underway, which includes, among other things: notice that has been provided to the class; obtaining, reviewing and processing properly-submitted claims from potential claimants; and handling any requests to opt out from or object to the Dunbar Settlement. Following the completion of the claims process, the Circuit Court will hold a hearing regarding its final approval of the Dunbar Settlement, which is currently scheduled for September 11, 2025. No contribution by the Company or WVAWC for claims associated with the Dunbar Settlement will be funded unless and until, and to the extent required by, a settlement agreement that receives final approval from the Circuit Court.

PFAS Multi-District Litigation

As of June 30, 2025, the Company received an initial settlement payment from defendant 3M Company of $34 million, net of legal fees and administrative costs. As of June 30, 2025, these funds were held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. The Company anticipates receiving, during the remainder of 2025, additional settlement payments from the defendants named above.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuance of Shares in Connection with Acquisition of Audubon Water Company

Effective May 28, 2025, the Company issued 48,381 shares of its common stock (the "Shares"), net of an indemnity escrow claim, as consideration for the merger (the "Audubon Merger") of a wholly owned subsidiary of the Company with and into Audubon, with Audubon being the surviving entity immediately following such merger, in a transaction not involving a public offering of securities in reliance upon Section 4(a)(2) of the Securities Act. Promptly following the closing of the Audubon Merger, Audubon was merged with and into the Company's Pennsylvania subsidiary. The Shares were issued out of the Company's existing treasury stock, with restrictive legends thereupon, to or for the benefit of an irrevocable trust that was, immediately prior to the closing of the Audubon Merger, the sole shareholder of Audubon.

Anti-dilutive Stock Repurchase Program

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended June 30, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through June 30, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company's Inc. Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Current Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2025 Stock Unit Grant Form for Non-Employee Directors.
10.4	Offer Letter for Employment, effective May 14, 2025, between American Water Works Company, Inc. and John C. Griffith (incorporated by reference to Exhibit 10.11 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
10.5	Offer Letter for Employment, effective April 1, 2025, between American Water Works Company, Inc. and Lori Sutton (incorporated by reference to Exhibit 10.12 to American Water Works Company Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed April 30, 2025).
*31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Purchase and Sale Agreement filed as Exhibit 2.2, and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of July, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.

2017 OMNIBUS EQUITY COMPENSATION PLAN

STOCK UNIT GRANT

This STOCK UNIT GRANT, dated as of May 14, 2025 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") has determined to grant each non-employee director of the Company on the date of the Company's 2025 Annual Meeting of Shareholders a stock unit grant that will be immediately converted to shares of common stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Participant is a non-employee director on the Board; and

WHEREAS, the Board has determined that the stock unit grant granted to the Participant shall be issued under the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan") and the terms and conditions thereof shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Stock Units"). Each Stock Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable distribution date, as described in Paragraph 4 below.

2. Stock Unit Account. The Company shall establish and maintain a Stock Unit account as a bookkeeping account on its records (the "Stock Unit Account") for the Participant and shall record in such Stock Unit Account the number of Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Stock Unit Account established for the Participant.

3. Vesting. The Participant shall be fully vested in the Stock Units credited to the Participant's Stock Unit Account pursuant to this Grant on the Date of Grant.

4. Distribution. The Stock Units shall be converted to shares of Company Stock on the Date of Grant and such shares of stock shall be distributed by the Company within thirty (30) days after the Date of Grant.

5. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any

time be at issue, to the fullest extent permitted by applicable law. The Participant also hereby agrees to be bound by the terms and conditions of the Plan and this Grant. The Participant further agrees to be bound by the determinations and decisions of the Board with respect to this Grant and the Plan and the Participant's rights to benefits under this Grant and the Plan, and agrees that all such determinations and decisions of the Board shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

6. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) The obligation of the Company to deliver shares of Company Stock upon the distribution of the Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(b) As a condition to receive any shares of Company Stock upon conversion of the Stock Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and its Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the distribution of the Stock Units shall not be transferred or disposed of by any means until the Participant owns enough shares of Company Stock, or shares underlying stock units convertible into shares of Company Stock, or time-based restricted Company Stock, to meet or exceed five (5) times the Participant's annual cash retainer, which ownership requirement must be satisfied by the fifth (5th) anniversary of the Participant's commencement of service as a director on the Board.

7. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares of Company Stock, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder and the

Participant's acceptance of this Grant is the Participant's agreement to be bound by the interpretations and decisions of the Board with respect to this Grant and the Plan.

8. No Rights to Continued Service. This Grant shall not confer upon the Participant any right to be retained in the service of the Employer (as defined in the Plan) and shall not interfere in any way with the right to terminate the Participant's service at any time.

9. Assignment and Transfers. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

10. Withholding. To the extent required by applicable law, the Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal, state, local or other taxes that the Company is required to withhold with respect to the Grant, vesting or distribution of the Stock Units.

11. Effect on Other Benefits. The value of shares of Company Stock distributed with respect to the Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

12. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

13. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile, e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means), or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

July 30, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
July 30, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of October 20, 2025
Common Stock, par value $0.01 per share	**195,123,565**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
  - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
  - limitations on the parties' ability to pursue alternatives to the proposed merger;
  - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
  - any impact of the proposed merger on the Company's ability to declare and pay quarterly dividends on its common stock;
  - the amount and nature of incurred transaction costs associated with the proposed merger; and
  - reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger; and
- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of or, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and

- any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 36,895	$ 35,059
Accumulated depreciation	(7,283)	(7,021)
Property, plant and equipment, net	29,612	28,038
Current assets:		
Cash and cash equivalents	166	96
Restricted funds	11	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	459	416
Income tax receivable	3	25
Unbilled revenues	437	315
Materials and supplies	109	103
Other	367	231
Total current assets	1,552	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,179	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,151	1,144
Other	372	399
Total regulatory and other long-term assets	3,584	3,577
Total assets	$ 34,748	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,576,637 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,630	8,598
Retained earnings	2,662	2,112
Accumulated other comprehensive income	4	12
Treasury stock, at cost (5,453,167 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,907	10,332
Long-term debt	13,022	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,025	12,521
Total capitalization	23,932	22,853
Current liabilities:		
Short-term debt	1,005	879
Current portion of long-term debt	1,269	637
Accounts payable	302	346
Accrued liabilities	630	791
Accrued taxes	151	156
Accrued interest	139	111
Other	191	230
Total current liabilities	3,687	3,150
Regulatory and other long-term liabilities:		
Advances for construction	425	383
Deferred income taxes and investment tax credits	3,064	2,881
Regulatory liabilities	1,467	1,416
Operating lease liabilities	75	76
Accrued pension expense	203	217
Other	280	277
Total regulatory and other long-term liabilities	5,514	5,250
Contributions in aid of construction	1,615	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 34,748	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating revenues	$ 1,451	$ 1,323	$ 3,869	$ 3,483
Operating expenses:				
Operation and maintenance	523	496	1,471	1,339
Depreciation and amortization	226	200	663	581
General taxes	87	84	260	246
Other	1	—	1	(1)
Total operating expenses, net	837	780	2,395	2,165
Operating income	614	543	1,474	1,318
Other (expense) income:				
Interest expense	(158)	(132)	(453)	(387)
Interest income	23	22	67	71
Non-operating benefit costs, net	4	7	12	23
Other, net	11	13	40	31
Total other (expense) income	(120)	(90)	(334)	(262)
Income before income taxes	494	453	1,140	1,056
Provision for income taxes	115	103	267	244
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.94	$ 1.80	$ 4.47	$ 4.17
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.94	$ 1.80	$ 4.47	$ 4.17
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Other comprehensive (loss) income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $0 for the nine months ended September 30, 2025 and 2024	—	—	1	1
Unrealized (loss) gain on cash flow hedges, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $(2) and $3 for the nine months ended September 30, 2025 and 2024, respectively	(1)	(2)	(6)	17
Unrealized gain (loss) on available-for-sale fixed-income securities, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $(1) and $0 for the nine months ended September 30, 2025 and 2024, respectively	—	1	(3)	—
Net other comprehensive (loss) income	(1)	(1)	(8)	18
Comprehensive income attributable to common shareholders	$ 378	$ 349	$ 865	$ 830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 873	$ 812
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	663	581
Deferred income taxes and amortization of investment tax credits	104	84
Provision for losses on accounts receivable	36	19
Pension and non-pension postretirement benefits	1	(2)
Other non-cash, net	(6)	11
Changes in assets and liabilities:		
Receivables and unbilled revenues	(201)	(133)
Income tax receivable	22	79
Pension contributions	(33)	(33)
Accounts payable and accrued liabilities	(2)	11
Accrued taxes	4	113
Other assets and liabilities, net	(65)	(136)
Net cash provided by operating activities	1,396	1,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,078)	(1,962)
Acquisitions, net of cash acquired	(22)	(119)
Removal costs from property, plant and equipment retirements, net	(120)	(112)
Purchases of available-for-sale fixed-income securities	(43)	(113)
Proceeds from sales and maturities of available-for-sale fixed-income securities	84	147
Net cash used in investing activities	(2,179)	(2,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	1,776	1,416
Repayments of long-term debt	(623)	(474)
Net short-term borrowings with original maturities less than three months	126	35
Advances and contributions in aid of construction, net of refunds of $25 and $24 for the nine months ended September 30, 2025 and 2024, respectively	60	33
Debt issuance costs	(17)	(13)
Dividends paid	(472)	(436)
Other, net	2	5
Net cash provided by financing activities	852	566
Net increase (decrease) in cash, cash equivalents and restricted funds	69	(187)
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 209	$ 177
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 331	$ 317
Acquisition financed by treasury stock	$ 7	$ —
Non-cash financing activity:		
Settlements of long-term debt	$ 27	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534
Net income attributable to common shareholders	—	—	—	289	—	—	—	289
Common stock issuances (a)	—	—	10	—	—	—	—	10
Acquisitions via treasury stock	—	—	—	—	—	—	7	7
Net other comprehensive income	—	—	—	—	3	—	—	3
Dividends ($0.8275 declared per common share)	—	—	—	(161)	—	—	—	(161)
Balance as of June 30, 2025	200.5	$ 2	$ 8,621	$ 2,445	$ 5	(5.5)	$ (391)	$ 10,682
Net income attributable to common shareholders	—	—	—	379	—	—	—	379
Common stock issuances (a)	0.1	—	9	—	—	—	—	9
Net other comprehensive loss	—	—	—	—	(1)	—	—	(1)
Dividends ($0.8275 declared per common share)	—	—	—	(162)	—	—	—	(162)
Balance as of September 30, 2025	200.6	$ 2	$ 8,630	$ 2,662	$ 4	(5.5)	$ (391)	$ 10,907

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152
Net income attributable to common shareholders	—	—	—	350	—	—	—	350
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive loss	—	—	—	—	(1)	—	—	(1)
Dividends $0.7650) declared per common share)	—	—	—	(149)	—	—	—	(149)
Balance as of September 30, 2024	200.3	$ 2	$ 8,588	$ 2,172	$ (8)	(5.5)	$ (392)	$ 10,362

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of September 30, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of September 30, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company will adopt this standard for the 2025 annual period, by including the updated required disclosures in the Notes to the Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	Annual periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In December and January of 2024, the NJEDA issued the utilization certificates for the 2022 and 2021 tax credits to the Company in the amount of $15 million and $16 million, respectively. The Company sold the 2022 and 2021 tax credits to an external party for $14 million and $15 million, respectively. As of September 30, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. In October of 2025, the NJEDA issued the utilization certificates for the 2023 tax credits to the Company in the amount of $15 million and the Company expects to monetize these credits in 2025. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2024. The submitted filing is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended September 30:

	2025	2024
Cash and cash equivalents	$ 166	$ 127
Restricted funds	11	40
Restricted funds included in other long-term assets	32	10
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 209	$ 177

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the nine months ended September 30:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(36)	(19)
Amounts written off	31	20
Balance as of September 30	$ (58)	$ (50)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Hawaii	August 1, 2025	$ 1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. The California subsidiary has requested an opportunity to formally reply. The CPUC will consider both positions, and the California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application requested an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which would have required the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, passed out of the California Senate but did not advance in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary may put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	October 1, 2025	$ 5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 43

Pending Infrastructure Surcharge Filings

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 739	$ —	$ 739
Commercial	287	—	287
Fire service	46	—	46
Industrial	55	—	55
Public and other	93	—	93
Total water services	1,220	—	1,220
Wastewater services:			
Residential	75	—	75
Commercial	25	—	25
Industrial	7	—	7
Public and other	6	—	6
Total wastewater services	113	—	113
Miscellaneous utility charges	13	—	13
Alternative revenue programs	—	(4)	(4)
Lease contract revenue	—	1	1
Total Regulated Businesses	1,346	(3)	1,343
Other	108	—	108
Total operating revenues	$ 1,454	$ (3)	$ 1,451

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 677	$ 2	$ 679
Commercial	253	2	255
Fire service	41	—	41
Industrial	49	1	50
Public and other	93	—	93
Total water services	1,113	5	1,118
Wastewater services:			
Residential	61	1	62
Commercial	20	—	20
Industrial	4	—	4
Public and other	11	—	11
Total wastewater services	96	1	97
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	(12)	(12)
Lease contract revenue	—	2	2
Total Regulated Businesses	1,223	(4)	1,219
Other	105	(1)	104
Total operating revenues	$ 1,328	$ (5)	$ 1,323

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,936	$ —	$ 1,936
Commercial	742	—	742
Fire service	139	—	139
Industrial	146	—	146
Public and other	238	—	238
Total water services	3,201	—	3,201
Wastewater services:			
Residential	214	—	214
Commercial	64	—	64
Industrial	17	—	17
Public and other	21	—	21
Total wastewater services	316	—	316
Miscellaneous utility charges	38	—	38
Alternative revenue programs	—	11	11
Lease contract revenue	—	4	4
Total Regulated Businesses	3,555	15	3,570
Other	300	(1)	299
Total operating revenues	$ 3,855	$ 14	$ 3,869

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,760	$ 3	$ 1,763
Commercial	656	3	659
Fire service	123	—	123
Industrial	137	1	138
Public and other	217	—	217
Total water services	2,893	7	2,900
Wastewater services:			
Residential	180	1	181
Commercial	52	—	52
Industrial	9	—	9
Public and other	28	—	28
Total wastewater services	269	1	270
Miscellaneous utility charges	33	—	33
Alternative revenue programs	—	(5)	(5)
Lease contract revenue	—	6	6
Total Regulated Businesses	3,195	9	3,204
Other	280	(1)	279
Total operating revenues	$ 3,475	$ 8	$ 3,483

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $153 million and $84 million are included in Unbilled revenues on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Also, contract assets of $2 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Contract liabilities of $16 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Also, contract liabilities of $31 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Revenues recognized for the nine months ended September 30, 2025 and 2024, from amounts included in contract liabilities were $72 million and $82 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of September 30, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of September 30, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $533 million as of September 30, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

During the nine months ended September 30, 2025, the Company closed on ten acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $29 million, which added approximately 11,000 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,381 shares of parent company common stock, net of an indemnity escrow claim. Assets acquired from the ten acquisitions, principally utility plant, totaled $44 million and liabilities assumed totaled $22 million, including assumed debt of $12 million. The Company recorded goodwill of $7 million associated with three of its acquisitions, which is reported in the Company's Regulated Businesses segment. Five of these acquisitions were accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the periods ended September 30, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of September 30, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million of interest income during each of the three months ended September 30, 2025 and 2024, and $60 million and $57 million of interest income during the nine months ended September 30, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of September 30, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended September 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Other comprehensive loss before reclassifications	—	—	—	(1)	—	(1)
Net other comprehensive loss	—	—	—	(1)	—	(1)
Balance as of September 30, 2025	$ (95)	$ 1	$ 75	$ 24	$ (1)	$ 4
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)
Other comprehensive (loss) income before reclassifications	—	—	—	(2)	1	(1)
Net other comprehensive (loss) income	—	—	—	(2)	1	(1)
Balance as of September 30, 2024	$ (96)	$ 1	$ 75	$ 8	$ 4	$ (8)

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the nine months ended September 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(6)	1	(5)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(6)	(3)	(8)
Balance as of September 30, 2025	$ (95)	$ 1	$ 75	$ 24	$ (1)	$ 4
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income before reclassifications	—	—	—	17	—	17
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income	—	—	1	17	—	18
Balance as of September 30, 2024	$ (96)	$ 1	$ 75	$ 8	$ 4	$ (8)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On September 3, 2025, the Company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of August 12, 2025.

On October 28, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on December 2, 2025, to shareholders of record as of November 13, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On August 8, 2025, American Water Capital Corp. ("AWCC") completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the nine months ended September 30, 2025, the Company's regulated subsidiaries issued in the aggregate $84 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.71%, a weighted average interest rate of 2.39%, and maturity dates ranging from 2025 through 2054. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the nine months ended September 30, 2025, were collateralized. During the nine months ended September 30, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled $650 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 3.03%, and maturity dates ranging from 2025 to 2061.

As of September 30, 2025, the Company had two treasury lock agreements, with a term of 10 years and 30 years and an aggregate notional amount totaling $100 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.55%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025 and August 2025, the Company terminated two and nine treasury lock agreements, respectively, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million and $350 million, respectively, realizing a pre-tax net gain of $12 million and $1 million, respectively, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1,005 million and $880 million as of September 30, 2025, and December 31, 2024, respectively, or net of discount $1,005 million and $879 million as of September 30, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.26% and 4.65% at September 30, 2025, and December 31, 2024, respectively. At September 30, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,005)	(84)	(1,089)
Remaining availability as of September 30, 2025	$ 1,595	$ 66	$ 1,661

(a) Total remaining availability of $1.7 billion as of September 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of September 30, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2025	$ 166	$ 1,661	$ 1,827
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 23.3% and 22.7% for the three months ended September 30, 2025 and 2024, respectively, and 23.4% and 23.1% for the nine months ended September 30, 2025 and 2024, respectively. The increase in the Company's effective income tax rate for the three and nine months ended September 30, 2025, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of September 30, 2025, the Company has a CAMT credit carryforward of $177 million.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 11	$ 13
Interest cost	22	21	65	63
Expected return on plan assets	(22)	(24)	(67)	(71)
Amortization of prior service credit	—	(1)	(2)	(3)
Amortization of actuarial loss	6	6	17	18
Net periodic pension benefit cost	$ 10	$ 6	$ 24	$ 20
Components of net periodic other postretirement benefit credit:				
Service cost	$ 1	$ 1	$ 1	$ 2
Interest cost	3	3	9	9
Expected return on plan assets	(3)	(3)	(9)	(9)
Amortization of prior service credit	(8)	(8)	(24)	(24)
Net periodic other postretirement benefit credit	$ (7)	$ (7)	$ (23)	$ (22)

The Company contributed $11 million and $33 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2025, respectively, and contributed $11 million and $33 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2024, respectively. The Company expects to make additional pension contributions to the plan trusts of $11 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of September 30, 2025, the Company has accrued approximately $16 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. On September 11, 2025, the Circuit Court held its final fairness hearing and issued an order on September 12, 2025, granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, and the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is expected to be $5 million, with the remainder being contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, and WVAWC has paid approximately $2 million as of September 30, 2025. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims. As a result of the foregoing, the Company has maintained as of September 30, 2025 its previously recorded charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax). The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which has been reset to August 10, 2026.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $310 million in aggregate costs as of September 30, 2025, related to the Water Supply Project, which includes $102 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. Both motions are scheduled for court hearing on December 12, 2025. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable public utility commissions. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of September 30, 2025. A corresponding amount has been recorded as a regulatory liability given that the Company intends to seek appropriate regulatory approvals as noted above. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	195
Effect of dilutive common stock equivalents	—	—	—	—
Effect of dilutive forward sale agreements	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. There were less than one million shares related to the Forward Sale Agreements included in the computation of diluted EPS for the three and nine months ended September 30, 2025.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of September 30, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $799 million and $793 million as of September 30, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of September 30, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,291	11,743	1,062	610	13,415

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 43	$ —	$ —	$ 43
Rabbi trust investments	31	—	—	31
Deposits	146	—	—	146
Other investments:				
Money market and other	22	—	—	22
Fixed-income securities	50	7	—	57
Total assets	292	7	—	299
Liabilities:				
Deferred compensation obligations	36	—	—	36
Mark-to-market derivative liability	—	1	—	1
Total liabilities	36	1	—	37
Total assets	$ 256	$ 6	$ —	$ 262

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $32 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds, including the initial settlement payment from the MDL, and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of September 30, 2025, the Company had current assets of $79 million included in Other and had no long-term assets on the Consolidated Balance Sheets for other investments measured and recorded at fair value. As of December 31, 2024, the Company had current assets of $71 million included in Other and $44 million of other long-term assets included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of September 30, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 58	$ —	$ 1	$ 57

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of September 30, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 19
1 year - 5 years	26
5 years - 10 years	5
Greater than 10 years	7
Total	$ 57

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of September 30, 2025, and December 31, 2024. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $1 million in 2025, $4 million each year in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $4 million and $3 million for the three months ended September 30, 2025 and 2024, respectively, and $10 million and $9 million for the nine months ended September 30, 2025 and 2024, respectively.

For the three and nine months ended September 30, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million and $9 million, respectively. For the nine months ended September 30, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $7 million.

As of September 30, 2025, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of September 30, 2025, were $3 million in 2025, $11 million in 2026, $11 million in 2027, $8 million in 2028, $7 million in 2029, and $89 million thereafter. As of September 30, 2025, imputed interest was $47 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended September 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,343	$ 108	$ 1,451
Less:			
Operation and maintenance (a)	433	90	523
Other segment items (b)	70	3	73
Depreciation and amortization	224	2	226
Interest expense	122	36	158
Interest income	(1)	(22)	(23)
Provision for income taxes	112	3	115
Net income (loss) attributable to common shareholders	$ 383	$ (4)	$ 379
Total assets	$ 31,874	$ 2,874	$ 34,748
Cash paid for capital expenditures	$ 792	$ 5	$ 797

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,219	$ 104	$ 1,323
Less:			
Operation and maintenance (a)	402	94	496
Other segment items (b)	62	2	64
Depreciation and amortization	196	4	200
Interest expense	107	25	132
Interest income	(6)	(16)	(22)
Provision for income taxes	102	1	103
Net income (loss) attributable to common shareholders	$ 356	$ (6)	$ 350
Total assets	$ 29,238	$ 2,552	$ 31,790
Cash paid for capital expenditures	$ 683	$ —	$ 683

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Nine Months Ended September 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,570	$ 299	$ 3,869
Less:			
Operation and maintenance (a)	1,234	237	1,471
Other segment items (b)	205	4	209
Depreciation and amortization	654	9	663
Interest expense	352	101	453
Interest income	(3)	(64)	(67)
Provision for income taxes	256	11	267
Net income attributable to common shareholders	$ 872	$ 1	$ 873
Total assets	$ 31,874	$ 2,874	$ 34,748
Cash paid for capital expenditures	$ 2,070	$ 8	$ 2,078

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Nine Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,204	$ 279	$ 3,483
Less:			
Operation and maintenance (a)	1,109	230	1,339
Other segment items (b)	186	5	191
Depreciation and amortization	569	12	581
Interest expense	306	81	387
Interest income	(14)	(57)	(71)
Provision for income taxes	233	11	244
Net income (loss) attributable to common shareholders	$ 815	$ (3)	$ 812
Total assets	$ 29,238	$ 2,552	$ 31,790
Cash paid for capital expenditures	$ 1,954	$ 8	$ 1,962

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

Note 16: Subsequent Events

Execution of Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, approvals by each of parent company's and Essential's shareholders, the receipt of required approvals from all applicable public utility commissions on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and nine months ended September 30, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.94 and $4.47, respectively, compared to $1.80 and $4.17 per share in the same periods in 2024. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and nine months ended September 30, 2025, reflect the net impact of weather compared to normal, estimated at $0.03 favorable and flat per share, respectively. Results for the three and nine months ended September 30, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.07 per share, respectively.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company currently plans to invest approximately $3.2 billion in these growth strategies in 2025. During the first nine months of 2025, the Company invested $2.2 billion, in the Regulated Businesses, as discussed below.

- $2.1 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $30 million to fund acquisitions in the Regulated Businesses, which added approximately 11,000 customers. This includes the Company's acquisition effective May 28, 2025, of all the outstanding capital stock of Audubon Water Company, for total consideration of $7 million in the form of shares of parent company common stock.
- Approximately 14,600 new customers were added through organic growth in existing systems.

Excluding the Essential Merger Agreement (as defined below), as of September 30, 2025, the Company had entered into 24 agreements with a total aggregate purchase price of $572 million for pending acquisitions in the Regulated Businesses to add approximately 98,000 additional customers.

Execution of Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into an Agreement and Plan of Merger with Essential (the "Essential Merger Agreement") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, approvals by each of parent company's and Essential's shareholders, the receipt of required approvals from all applicable PUCs on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027.

Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before August 2026.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident agreed to voluntarily dismiss their consolidated Federal court lawsuit without prejudice. An order of voluntary dismissal was entered on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable PUCs. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of September 30, 2025. A corresponding amount has been recorded as a regulatory liability given that the Company intends to seek appropriate regulatory approvals as noted above. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the U.S. Environmental Protection Agency ("EPA") announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes legally enforceable levels, called maximum contaminant levels, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated their intent to extend the compliance deadline to 2031, under the current rule utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

Upon initial review of the compliance requirements in 2024, the Company estimated an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR as proposed.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Hawaii	August 1, 2025	$ 1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. The California subsidiary has requested an opportunity to formally reply. The CPUC will consider both positions, and the California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application requested an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which would have required the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, passed out of the California Senate but did not advance in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary may put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	October 1, 2025	$ 5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 43

Pending Infrastructure Surcharge Filings

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 1,451	$ 1,323	$ 3,869	$ 3,483
Operating expenses:				
Operation and maintenance	523	496	1,471	1,339
Depreciation and amortization	226	200	663	581
General taxes	87	84	260	246
Other	1	—	1	(1)
Total operating expenses, net	837	780	2,395	2,165
Operating income	614	543	1,474	1,318
Other (expense) income:				
Interest expense	(158)	(132)	(453)	(387)
Interest income	23	22	67	71
Non-operating benefit costs, net	4	7	12	23
Other, net	11	13	40	31
Total other (expense) income	(120)	(90)	(334)	(262)
Income before income taxes	494	453	1,140	1,056
Provision for income taxes	115	103	267	244
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 1,343	$ 1,219	$ 3,570	$ 3,204
Operation and maintenance	433	402	1,234	1,109
Depreciation and amortization	224	196	654	569
General taxes	82	79	244	232
Other	1	—	1	(1)
Other (expense) income	(108)	(84)	(309)	(247)
Provision for income taxes	112	102	256	233
Net income attributable to common shareholders	$ 383	$ 356	$ 872	$ 815

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Water services:				
Residential	$ 739	$ 679	$ 1,936	$ 1,763
Commercial	287	255	742	659
Fire service	46	41	139	123
Industrial	55	50	146	138
Public and other	85	81	240	212
Total water services	1,212	1,106	3,203	2,895
Wastewater services:				
Residential	75	62	214	181
Commercial	25	20	64	52
Industrial	7	4	17	9
Public and other	10	11	30	28
Total wastewater services	117	97	325	270
Other (a)	14	16	42	39
Total operating revenues	$ 1,343	$ 1,219	$ 3,570	$ 3,204

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Billed water services volumes:				
Residential	49,847	51,137	121,961	123,752
Commercial	24,391	24,389	60,654	60,971
Industrial	10,443	10,261	27,757	28,308
Fire service, public and other	16,397	16,263	41,432	41,077
Total billed water services volumes	101,078	102,050	251,804	254,108

For the three and nine months ended September 30, 2025, operating revenues increased $124 million and $366 million, respectively, primarily due to increases of $103 million and $316 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $12 million and $37 million for the three and nine months ended September 30, 2025, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Operating revenues were also higher for the three and nine months ended September 30, 2025, in the Company's California subsidiary, due to a change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024. These increases were partially offset by an estimated $3 million and $20 million net decrease for the three and nine months ended September 30, 2025, respectively, due to unfavorable weather impacts in 2025 as compared to 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Employee-related costs	$ 142	$ 134	$ 431	$ 405
Production costs	142	133	365	344
Operating supplies and services	77	72	233	196
Maintenance materials and supplies	26	25	81	66
Customer billing and accounting	27	20	69	48
Other	19	18	55	50
Total operation and maintenance expense	$ 433	$ 402	$ 1,234	$ 1,109

For the three and nine months ended September 30, 2025, operation and maintenance expense increased $31 million and $125 million, respectively, due to increases from employee-related costs, increased operating supplies and services costs primarily from higher technology related costs, increased production costs primarily from higher purchased water cost and power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other maintenance costs.

Depreciation and Amortization

For the three and nine months ended September 30, 2025, depreciation and amortization increased $28 million and $85 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three and nine months ended September 30, 2025, general taxes increased $3 million and $12 million, respectively, primarily due to incremental property taxes, higher capital stock taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and nine months ended September 30, 2025, other expenses increased $24 million and $62 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three and nine months ended September 30, 2025, the Regulated Businesses' provision for income taxes increased $10 million and $23 million, respectively. The Regulated Businesses' effective income tax rate was 22.6% and 22.3% for the three months ended September 30, 2025 and 2024, respectively, and 22.7% and 22.2% for the nine months ended September 30, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 108	$ 104	$ 299	$ 279
Operation and maintenance	90	94	237	230
Depreciation and amortization	2	4	9	12
General taxes	5	5	16	14
Interest expense	(36)	(25)	(101)	(81)
Interest income	22	16	64	57
Other income	2	3	12	9
Provision for income taxes	3	1	11	11
Net (loss) income attributable to common shareholders	$ (4)	$ (6)	$ 1	$ (3)

Operating Revenues

For the three and nine months ended September 30, 2025, operating revenues increased $4 million and $20 million, respectively, primarily from an increase in capital projects in MSG and the Contract Services Group ("CSG").

Operation and Maintenance

For the three months ended September 30, 2025, operation and maintenance expense decreased $4 million, primarily due to reduced employee-related costs partially offset by increased costs associated with MSG and CSG projects.

For the nine months ended September 30, 2025, operation and maintenance expense increased $7 million, primarily due to increased costs associated with MSG and CSG projects partially offset by reduced employee-related costs.

Interest expense

For the three and nine months ended September 30, 2025, interest expense increased $11 million and $20 million, respectively, due to higher average commercial paper borrowings.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of October 29, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and became effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation and Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the revolving credit facility of American Water Capital Corp., the Company's wholly owned finance subsidiary.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of September 30, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2025		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,005)	(84)	(1,089)
Remaining availability as of September 30, 2025	$ 1,595	$ 66	$ 1,661

(a) Total remaining availability of $1.7 billion as of September 30, 2025, was accessible through revolver draws.

(In millions)	As of December 31, 2024 Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2025	$ 166	$ 1,661	$ 1,827
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.26% and 4.65% at September 30, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of September 30, 2025, the Company had two treasury lock agreements, with a term of 10 years and 30 years and an aggregate notional amount totaling $100 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.55%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025 and August 2025, the Company terminated two and nine treasury lock agreements, respectively, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million and $350 million, respectively, realizing a pre-tax net gain of $12 million and $1 million, respectively, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**
Net income	$ 873	$ 812
Add (less):		
Depreciation and amortization	663	581
Deferred income taxes and amortization of investment tax credits	104	84
Other non-cash activities (a)	31	28
Changes in assets and liabilities (b)	(242)	(66)
Pension contributions	(33)	(33)
Net cash provided by operating activities	$ 1,396	$ 1,406

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the nine months ended September 30, 2025, cash flows provided by operating activities decreased $10 million, primarily due to the CAMT liability included in the Company's 2024 extension payment in the second quarter of 2025, utilization of income tax receivables in the prior year and higher customer receivables and unbilled revenues in the current period. The decrease was partially offset by an increase in net income and depreciation.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (2,078)	$ (1,962)
Acquisitions, net of cash acquired	(22)	(119)
Removal costs from property, plant and equipment retirements, net	(120)	(112)
Purchases of available-for-sale fixed-income securities	(43)	(113)
Proceeds from sales and maturities of available-for-sale fixed-income securities	84	147
Net cash used in investing activities	$ (2,179)	$ (2,159)

For the nine months ended September 30, 2025, cash flows used in investing activities increased $20 million, primarily due to increased payments for capital expenditures partially offset by decreased payments for acquisitions in the current period. The Company currently plans to invest approximately $3.2 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Nine Months Ended September 30, 2025	2024
Proceeds from long-term debt, net of discount	$ 1,776	$ 1,416
Repayments of long-term debt	(623)	(474)
Net short-term borrowings with original maturities less than three months	126	35
Debt issuance costs	(17)	(13)
Dividends paid	(472)	(436)
Other financing activities, net (a)	62	38
Net cash provided by financing activities	$ 852	$ 566

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the nine months ended September 30, 2025, cash flows provided by financing activities increased $286 million, primarily due to higher issuances of long-term debt and higher short-term commercial paper borrowings, partially offset by higher repayments of long-term debt and dividend payments.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On September 30, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of October 29, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K and Form 10-Q. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

On May 9, 2025, the CPUC issued a proposed decision in the Phase 2 that is focusing on updated supply and demand estimates for the Water Supply Project, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City, MCWD and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

Coastal Development Permit Application

On May 12, 2025, the court entered its final decision denying the joint petition for writ of mandate by the City, MCWD and the MPWMD in full. On July 24, 2025, a notice of appeal was filed in this matter.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

MPWMD Condemnation Action

On August 20, 2025, Cal Am filed a motion for summary judgment as to the MPWMD's condemnation action, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with its condemnation action. Both motions are scheduled for court hearing on December 12, 2025.

Dunbar, West Virginia Class Action Litigation Settlement

On September 11, 2025, the Circuit Court held its final fairness hearing and issued an order on September 12, 2025, granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, and the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is expected to be $5 million, with the remainder being contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, and WVAWC has paid approximately $2 million as of September 30, 2025. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims. The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Mountaineer Gas Company Main Break

The West Virginia Business Court has set a new trial date of August 10, 2026, for trial in *Mountaineer Gas Company v. West Virginia-American Water Company*.

PFAS Multi-District Litigation

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable PUCs. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that have been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. Other than as set forth below, there have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

Risks Related to the Proposed Merger with Essential

The market price of shares of our or Essential's common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, and as a result, the consideration at the date of the closing of the proposed merger may vary significantly from the date the merger agreement was executed.

Upon completion of the proposed merger, each outstanding share of Essential common stock will be converted into the right to receive 0.305 shares of our common stock. The number of shares of our common stock to be issued pursuant to the merger agreement for each share of Essential common stock will not change to reflect changes in the market price of our or Essential's common stock. The market price of our common stock at the time of completion of the proposed merger may vary significantly from the price of our common stock on the date the merger agreement was executed and/or the date or dates of special shareholder meetings to be held in connection with the proposed merger. Because we may not complete the proposed merger until a significant period of time has passed after these dates, the market value of our common stock issued in connection with the proposed merger and the Essential common stock surrendered in connection with the proposed merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from market assessment of the likelihood that the proposed merger will be completed, changes in our or Essential's business, operations or prospects prior to or following the proposed merger, litigation or regulatory considerations, reactions from the financial markets or analysts, general business, market, industry or economic conditions and other factors both within and beyond our and Essential's control, including the risks, uncertainties and other factors described in Item 1A—Risk Factors, included in our Form 10-K, and in our other SEC filings, and those described in Essential's SEC filings. Neither we nor Essential may terminate the merger agreement solely because of changes in the market price of either company's common stock.

The proposed merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed merger or impose conditions that could have a material adverse effect on us or the combined company.

We anticipate that, subject to the receipt of all required regulatory and other consents and approvals and the satisfaction or waiver of all other closing conditions, the proposed merger will be completed in the first quarter of 2027. Among other closing conditions, completion of the proposed merger is conditioned upon the receipt of such required consents, orders and approvals from various governmental and regulatory entities and other third parties, including PUCs in certain states in which either or both companies operate, including without limitation the Pennsylvania Public Utility Commission. The proposed merger is also subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the proposed merger is a condition to closing the proposed merger. Approvals by shareholders of each of parent company and Essential will also be required to complete the proposed merger.

We and Essential cannot provide any assurance that all of the required consents, orders and approvals will be obtained or that these consents, orders or approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the proposed merger, including requiring one or both companies to dispose of certain assets. One or both company's shareholders may not approve the proposed merger. The merger agreement allows, subject to certain conditions, limitations and exclusions, each party to terminate the merger agreement (and generally without the payment of a termination fee to the non-terminating party) if the final terms of any of the required regulatory consents, orders or approvals would result in or require an undertaking of efforts or the taking of action that would reasonably be expected to have, individually or in the aggregate, a "burdensome effect" (as defined in the merger agreement). Any substantial delay in obtaining satisfactory consents, orders or approvals, or the imposition of any requirements, terms or conditions in connection with a party's obtaining such consents, orders or approvals, could be on terms that we or Essential do not believe to be reasonable or could cause a material reduction in the expected benefits of the proposed merger and/or an impairment or deterioration in our or Essential's relationships with their respective applicable PUCs. If any such delays or conditions are significant enough, one or both parties may decide to abandon the proposed merger and terminate the merger agreement, subject to its terms. If the proposed merger is not completed, our ongoing businesses may be adversely affected, including, as follows:

- having to pay certain significant costs relating to the proposed merger without receiving the benefits of the proposed merger, including, in certain circumstances, a payment by us to Essential of a termination fee of $835 million in the case of a termination fee payable by us to Essential;
- diversion of management's attention from day-to-day operations;
- not pursuing other strategic transactions that we may have otherwise considered had we not entered into the merger agreement with Essential;
- we will have been subject to certain restrictions on the conduct of our ongoing businesses, which may have prevent us from making certain acquisitions or dispositions or pursuing certain business opportunities while the proposed merger was pending; and
- the price of our common stock may decline to reflect assumptions by the market as to whether the proposed merger will be completed.

The proposed merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.

The proposed merger will happen only if stated conditions are satisfied, including the receipt of the requisite shareholder approvals and the receipt of regulatory approvals, among other conditions. Many of the conditions are outside the parties' control, and both parties also have certain rights to terminate the merger agreement. Accordingly, there may be uncertainty regarding the completion of the proposed merger. This uncertainty, or any disagreement with the decision to enter into the merger agreement, may cause our suppliers, vendors, strategic partners, certain customers or others that deal with us to delay or defer entering into contracts or make other decisions concerning us, or to seek to change or cancel existing business relationships. Any delay or deferral of those decisions or changes in existing agreements or relationships could have a material adverse effect on us and our financial condition and results of operations.

The merger agreement contains provisions that limit our and Essential's ability to pursue certain alternatives to the proposed merger, which could discourage a potential acquirer of either Essential or us from making an alternative transaction proposal and, in certain circumstances, could require us or Essential to pay to the other party a significant termination fee.

Under the merger agreement, we and Essential are each restricted, subject to limited exceptions, from entering into certain alternative transactions in lieu of the proposed merger. In general, unless and until the merger agreement is terminated, we and Essential are restricted from, among other things, soliciting, initiating, knowingly encouraging or knowingly facilitating the making of a proposal that is or would reasonably be expected to lead to a competing acquisition proposal from any person. Each of our and Essential's board of directors is limited in its ability to change its recommendation with respect to the proposed merger and related proposals. We and/or Essential may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us or Essential from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the proposed merger, or the competing transaction might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the merger agreement, in the event the merger agreement is terminated to accept a superior proposal, or under certain other circumstances, we would be required to pay a termination fee of $835 million to Essential in the case of a termination of the merger agreement by us, and Essential would be required to pay a termination fee of $370 million to us in the case of a termination of the merger agreement by Essential.

We may be the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the proposed merger from being completed.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into a merger agreement. Even if these lawsuits are without merit, defending against these claims can result in substantial costs to the parties to the merger agreement and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed.

If completed, the proposed merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.

We and Essential entered into the merger agreement with the expectation that the proposed merger will result in various benefits, including, among other things, increased efficiencies of scale and size, increased geographic diversity, greater long-term growth opportunities for employees of the combined company, and other operating efficiencies. Achieving the anticipated benefits of the proposed merger is subject to a number of uncertainties, including whether our and Essential's businesses can be integrated in an efficient, effective and timely manner.

We could have difficulty integrating the acquired assets, personnel and operations with our own. We anticipate that the integration of the two companies may ultimately be complex, and we expect to devote significant time and resources to this integration process. Risks and uncertainties that could impact us negatively include:

- unforeseen or significant difficulties in integrating the two companies and their assets, operations, cultures and employees;
- the potential disruption of the ongoing businesses and distraction of our and Essential's management;
- changes in our business focus and/or management;
- risks related to owning, operating, maintaining and successfully managing Essential's natural gas distribution business, including any increased risks and liabilities associated with the operation of that business;
- difficulties in establishing and/or maintaining uniform standards, systems, controls, procedures and policies, including accounting and financial reporting, across both of the integrated companies, or merging or linking disparate ones;
- the potential impairment of relationships with employees and partners as a result of any integration of new management personnel;
- the potential inability to manage an increased number of locations and employees; and
- the effect of any government regulations which relate to Essential's business, including with respect to jurisdictions in which our Regulated Businesses currently do not operate.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the proposed merger as and when expected. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies, and the various management and corporate governance constructs provided for in the merger agreement to govern the combined company, including with respect to the board of directors of the combined company, may not operate successfully as intended or desired. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and otherwise adversely affect the combined company's future business, financial condition, operating results and prospects.

The proposed merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.

We currently anticipate that the proposed merger will be accretive to our earnings per share in 2028, the first full year following the completion of the proposed merger. This expectation is based on preliminary estimates that are subject to change. We also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the proposed merger or be subject to other factors that affect our preliminary estimates. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the proposed merger and contribute to a decrease in the market price of our common stock.

The combined company's financial condition, results of operations and cash flows could be adversely affected by unknown or unexpected events, conditions or actions that occur prior to the closing of the proposed merger.

The combined company's assets, liabilities, business, financial condition, cash flows, and operating results, as well as its business strategies and prospects, could be adversely affected before or after the closing of the proposed merger as a result of previously unknown events or conditions occurring or existing before closing. Adverse changes in our or Essential's business or operations could occur or arise as a result of actions by us or Essential, or as a result of legal or regulatory developments (including, without limitation, the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions), and other factors both within and beyond the control of us or Essential. A significant decline in the value of Essential's assets that we would acquire in the proposed merger or a significant increase in Essential's liabilities to be assumed could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

If the proposed merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

In accordance with applicable accounting standards in the United States related to business combinations, we believe that the proposed merger will be accounted for as an acquisition of Essential's common stock by us and will follow the acquisition method of accounting for business combinations, including with respect to goodwill. Goodwill represents the excess of the purchase price paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to, for example, market conditions, other factors related to our performance or the performance of Essential's business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements included in the Form 10-K for information on the fair value of financial and other assets. Market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water and wastewater utilities, market price performance of our common stock that compares unfavorably to our peer companies, or other circumstances. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to our income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

We cannot assure that we will be able to continue paying quarterly dividends at the current rate, or to propose and/or maintain future quarterly dividend increases as planned.

Our shareholders have no contractual or other legal right to dividends that have not been declared. We currently expect that we will continue to pay dividends in an amount consistent with our dividend strategy and policy in effect prior to the announcement of the proposed merger, and that we will continue to propose future increases in our quarterly dividend rate consistent with our announced dividend growth strategy. However, there is no assurance that our shareholders will continue to receive payments of such dividends while the proposed merger is pending or following completion of the proposed merger, for a number of reasons that include, for example:

- a lack of cash to pay such dividends, due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- our Board of Directors may decide not to declare and pay quarterly dividends in accordance with historical practice or our stated dividend strategy, or at all;
- the amount of quarterly dividends that we may pay to shareholders is subject to restriction under Delaware law and compliance with our stated dividend payment policy and strategy; and
- we may fail to receive upstream dividend payments from our subsidiaries in the same amount that we have historically, and the ability of our subsidiaries to do so is subject to various risks and uncertainties described in Item 1A—Risk Factors, and in Note 9—Shareholders' Equity—Dividends and Distributions in the Notes to Consolidated Financial Statements, each in the Form 10-K.

The companies may incur substantial and/or unexpected transaction fees and merger-related costs in connection with the proposed merger.

We and Essential expect to incur substantial non-recurring expenses associated with completing the proposed merger, as well as expenses related to combining the operations of the two companies. The combined company may incur additional unanticipated costs in the integration of the companies' businesses. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset some or all of the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Current shareholders of each company will have reduced ownership and voting interests in their respective companies after the proposed merger.

Subject to approval by parent company's shareholders, parent company has reserved for issuance shares of its common stock to be issued in the proposed merger (including shares of our common stock issuable pursuant to the proposed treatment of Essential stock options and other equity-based awards in the proposed merger). It is estimated that our current shareholders and Essential's shareholders would own approximately 69% and 31% of the outstanding shares of our common stock, respectively, on a fully diluted basis immediately following the consummation of the proposed merger.

Our and Essential's shareholders currently have the right to vote for their respective directors and on other matters affecting their company. If the proposed merger occurs, each Essential shareholder who receives shares of parent company common stock will become a shareholder of parent company with a percentage ownership of the combined company that will be smaller than the shareholder's percentage ownership of Essential. Correspondingly, upon the completion of the proposed merger, each holder of parent company common stock will remain a shareholder of parent company but with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of ownership immediately prior to the proposed merger. As a result of these reduced ownership percentages, parent company's shareholders will have less voting power in the combined company than they now have with respect to parent company, and former Essential shareholders will have less voting power in the combined company than they now have with respect to Essential.

Settlement provisions contained in our forward sale agreements subject us to risks if certain events occur, which could have an effect on our results of operations and liquidity, and could cause the price of our common stock to decline.

In August 2025, we entered into forward sale agreements with each of Wells Fargo National Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC, each as forward purchasers, relating to an aggregate of 8,098,592 shares of our common stock. Each forward purchaser will have the right to accelerate the forward sale agreement to which it is a party and require us to physically settle such forward sale agreement on a date specified by such forward purchaser if:

- in the good faith, commercially reasonable judgment of such forward purchaser, it or its affiliate is unable to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of such forward sale agreement or it or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than an extraordinary dividend), (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such forward purchaser;
- certain ownership thresholds applicable to such forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreements), as well as certain events such as a delisting of our common stock (each as more fully described in the forward sale agreements); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made by us in connection with our entry into a forward sale agreement, our bankruptcy (except as described below) or certain changes in law (each as more fully described in the forward sale agreements).

A forward purchaser's decision to exercise its right to accelerate a forward sale agreement to which it is a party (or, in certain cases, the portion thereof that it determines is affected by the relevant event) will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the physical settlement provisions of that particular forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. In addition, upon certain events of bankruptcy or insolvency related to us, each forward sale agreement will automatically terminate without further liability of either party. Following any such termination, we would not issue any shares of our common stock or receive any proceeds pursuant to the forward sale agreements.

Each forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion on or prior to December 31, 2026. Each forward sale agreement will be physically settled by delivery of shares of our common stock, unless we elect to cash settle or net share settle such forward sale agreement. Upon physical settlement or, if we so elect, net share settlement of a particular forward sale agreement, delivery of shares of our common stock in connection with such physical settlement or (to the extent we are obligated to deliver shares of our common stock) net share settlement will result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of our common stock underlying a particular forward sale agreement, we expect that the relevant forward purchaser (or an affiliate thereof) will purchase a number of shares of our common stock necessary to satisfy its or its affiliate's obligation to return the shares of our common stock borrowed from third parties in connection with the related sales of shares of our common stock under that forward sale agreement and, upon net share settlement, its obligation to deliver shares to us, if applicable. If the market value of shares of our common stock during the relevant valuation period under the particular forward sale agreement is above the applicable forward sale price, in the case of cash settlement, we would be obligated to pay the relevant forward purchaser under that particular forward sale agreement an amount in cash equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to cash settlement or, in the case of net share settlement, we would be obligated to deliver to the relevant forward purchaser a number of shares of our common stock having a value equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to net share settlement. Thus, we could be responsible for a potentially substantial cash payment or share delivery obligation.

In addition, the purchase of shares of our common stock in connection with the relevant forward purchaser or its affiliate unwinding its hedge positions could cause the market price of our common stock to increase over such time (or prevent a decrease over such time), thereby increasing the amount of cash we would owe to the relevant forward purchaser (or decreasing the amount of cash that the relevant forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of our common stock we would be obligated to deliver to the relevant forward purchaser (or decreasing the number of shares of our common stock that the relevant forward purchaser would be obligated to deliver to us) upon net share settlement of the relevant forward sale agreement. We will not be able to control the manner in which the forward purchasers unwind their hedge positions.

The forward sale price that we expect to receive upon physical settlement of the forward sale agreements is subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding rate less a spread and will be decreased based on amounts related to expected dividends on shares of our common stock during the term of such forward sale agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price for such day.

In certain bankruptcy or insolvency events, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the forward sales of our common stock.

If we institute or consent to, or an appropriate regulatory or other authority institutes against us, a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or if we or such authority presents a petition for our winding up or liquidation or we consent to such a petition, each forward sale agreement will automatically terminate. If a forward sale agreement so terminates, we would not be obligated to deliver to the relevant forward purchaser any shares of our common stock not previously delivered (or for which physical settlement has not been elected), and the relevant forward purchaser would be discharged from its obligation to pay the forward sale price per share in respect of any shares of our common stock not previously settled (or for which physical settlement has not been elected). Therefore, to the extent there are any shares of our common stock with respect to which we have not elected to physically settle under a forward sale agreement at the time of the institution of or consent to any such bankruptcy or insolvency proceedings or any such petition, we would not receive the forward sale price per share in respect of those shares of our common stock.

Our shareholders may experience dilution as a result of the issuance of shares upon physical or net share settlement of the forward sale agreements, which may impact our earnings per share and the book value and fair value of our common stock.

Our issuance of common stock pursuant to a forward sale agreement upon physical settlement or net share settlement thereof will have a dilutive effect on our earnings per share. Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors who do not participate in future issuances. Shareholders will not be entitled to vote on our issuance of additional common stock. In addition, our shareholders may experience dilution in both the book value and fair value of their shares.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuance of Shares in Connection with Acquisition of Appalachian Utilities, Inc.

Effective October 27, 2025, parent company issued 25,159 shares of its common stock (the "Shares") as consideration for the merger (the "Appalachian Merger") of a wholly owned subsidiary of parent company with and into Appalachian Utilities, Inc. ("Appalachian"), with Appalachian being the surviving entity immediately following such merger, in a transaction not involving a public offering of securities in reliance upon Section 4(a)(2) of the Securities Act. Promptly following the closing of the Appalachian Merger, Appalachian was merged with and into the Company's Pennsylvania subsidiary. The Shares were issued out of parent company's existing shares of treasury stock, with restrictive legends thereupon, to or for the benefit of a limited number of persons (less than five) who, immediately prior to the closing of the Appalachian Merger, were reasonably believed to be accredited investors and had owned all of the shares of common stock of Appalachian.

Anti-dilutive Stock Repurchase Program

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended September 30, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through September 30, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
2.3#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).

Exhibit Number	Exhibit Description
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
4.3	Officers' Certificate of American Water Capital Corp., dated August 8, 2025, establishing the 5.700% Senior Notes due 2055 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.3	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.4	Forward Sale Agreement, dated August 4, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.5	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.6	Forward Sale Agreement, dated August 7, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.7	Forward Sale Agreement, dated August 7, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.8	Forward Sale Agreement, dated August 7, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
*10.9	Offer Letter for Employment, dated September 30, 2025, between American Water Works Company, Inc. and Lori Sutton.
*22.1	Guaranteed Securities.
*31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.

Exhibit Number	Exhibit Description
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Purchase and Sale Agreement filed as Exhibit 2.2, the Agreement and Plan of Merger filed as Exhibit 2.3, and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 29th day of October, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

AMERICAN WATER

Exhibit 10.9

September 30, 2025

Ms. Lori Sutton
[REDACTED]
[REDACTED]

Dear Lori:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Executive Vice President, Chief Human Resources Officer reporting to John Griffith, President and CEO, at our Evansville, Indiana office. The effective date of your new position is October 1, 2025. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Base Salary: Your new annual salary will be approximately $450,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective October 1, 2025. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 50% to 60% of your annual base salary for the 2025 cycle. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 90% to 120% of your base salary. Effective October 1, 2025, you will receive a set of grants that reflect the prorated difference between your previous 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support.

Non-Qualified Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

AMERICAN WATER

Ms. Lori Sutton
September 30, 2025
Page 2

As you are a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in future SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

/s/ JOHN GRIFFITH

John Griffith
President and CEO
American Water

I, Lori Sutton, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

/s/ LORI SUTTON _____ 10/08/2025
Signature Date

Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

5.700% Senior Notes due 2055

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
October 29, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

October 29, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of October 20, 2025
Common Stock, par value $0.01 per share	**195,123,565**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
  - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
  - limitations on the parties' ability to pursue alternatives to the proposed merger;
  - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
  - any impact of the proposed merger on the Company's ability to declare and pay quarterly dividends on its common stock;
  - the amount and nature of incurred transaction costs associated with the proposed merger; and
  - reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger; and
- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:
  - the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
  - the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of or, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and

- any requirement by the Company to pay a termination fee in the event the closing does not occur;
- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including:
  - the Company's ability to receive amounts due, payable and owing to the Company under the amended secured seller note when due; and
  - the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, including (i) future significant tax legislation or regulations (including without limitation impacts related to the Corporate Alternative Minimum Tax), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;
- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2025	December 31, 2024
ASSETS		
Property, plant and equipment	$ 36,895	$ 35,059
Accumulated depreciation	(7,283)	(7,021)
Property, plant and equipment, net	29,612	28,038
Current assets:		
Cash and cash equivalents	166	96
Restricted funds	11	29
Accounts receivable, net of allowance for uncollectible accounts of $58 and $53, respectively	459	416
Income tax receivable	3	25
Unbilled revenues	437	315
Materials and supplies	109	103
Other	367	231
Total current assets	1,552	1,215
Regulatory and other long-term assets:		
Regulatory assets	1,179	1,150
Secured seller promissory note from the sale of the Homeowner Services Group	795	795
Operating lease right-of-use assets	87	89
Goodwill	1,151	1,144
Other	372	399
Total regulatory and other long-term assets	3,584	3,577
Total assets	$ 34,748	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	September 30, 2025	December 31, 2024
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,576,637 and 200,371,701 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,630	8,598
Retained earnings	2,662	2,112
Accumulated other comprehensive income	4	12
Treasury stock, at cost (5,453,167 and 5,451,216 shares, respectively)	(391)	(392)
Total common shareholders' equity	10,907	10,332
Long-term debt	13,022	12,518
Redeemable preferred stock at redemption value	3	3
Total long-term debt	13,025	12,521
Total capitalization	23,932	22,853
Current liabilities:		
Short-term debt	1,005	879
Current portion of long-term debt	1,269	637
Accounts payable	302	346
Accrued liabilities	630	791
Accrued taxes	151	156
Accrued interest	139	111
Other	191	230
Total current liabilities	3,687	3,150
Regulatory and other long-term liabilities:		
Advances for construction	425	383
Deferred income taxes and investment tax credits	3,064	2,881
Regulatory liabilities	1,467	1,416
Operating lease liabilities	75	76
Accrued pension expense	203	217
Other	280	277
Total regulatory and other long-term liabilities	5,514	5,250
Contributions in aid of construction	1,615	1,577
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 34,748	$ 32,830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Operating revenues	$ 1,451	$ 1,323	$ 3,869	$ 3,483
Operating expenses:				
Operation and maintenance	523	496	1,471	1,339
Depreciation and amortization	226	200	663	581
General taxes	87	84	260	246
Other	1	—	1	(1)
Total operating expenses, net	837	780	2,395	2,165
Operating income	614	543	1,474	1,318
Other (expense) income:				
Interest expense	(158)	(132)	(453)	(387)
Interest income	23	22	67	71
Non-operating benefit costs, net	4	7	12	23
Other, net	11	13	40	31
Total other (expense) income	(120)	(90)	(334)	(262)
Income before income taxes	494	453	1,140	1,056
Provision for income taxes	115	103	267	244
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Basic earnings per share: (a)				
Net income attributable to common shareholders	$ 1.94	$ 1.80	$ 4.47	$ 4.17
Diluted earnings per share: (a)				
Net income attributable to common shareholders	$ 1.94	$ 1.80	$ 4.47	$ 4.17
Weighted-average common shares outstanding:				
Basic	195	195	195	195
Diluted	195	195	195	195

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Other comprehensive (loss) income, net of tax:				
Defined benefit pension plan actuarial loss, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $0 for the nine months ended September 30, 2025 and 2024	—	—	1	1
Unrealized (loss) gain on cash flow hedges, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $(2) and $3 for the nine months ended September 30, 2025 and 2024, respectively	(1)	(2)	(6)	17
Unrealized gain (loss) on available-for-sale fixed-income securities, net of tax of $0 for the three months ended September 30, 2025 and 2024, and $(1) and $0 for the nine months ended September 30, 2025 and 2024, respectively	—	1	(3)	—
Net other comprehensive (loss) income	(1)	(1)	(8)	18
Comprehensive income attributable to common shareholders	$ 378	$ 349	$ 865	$ 830

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Nine Months Ended September 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 873	$ 812
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	663	581
Deferred income taxes and amortization of investment tax credits	104	84
Provision for losses on accounts receivable	36	19
Pension and non-pension postretirement benefits	1	(2)
Other non-cash, net	(6)	11
Changes in assets and liabilities:		
Receivables and unbilled revenues	(201)	(133)
Income tax receivable	22	79
Pension contributions	(33)	(33)
Accounts payable and accrued liabilities	(2)	11
Accrued taxes	4	113
Other assets and liabilities, net	(65)	(136)
Net cash provided by operating activities	1,396	1,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(2,078)	(1,962)
Acquisitions, net of cash acquired	(22)	(119)
Removal costs from property, plant and equipment retirements, net	(120)	(112)
Purchases of available-for-sale fixed-income securities	(43)	(113)
Proceeds from sales and maturities of available-for-sale fixed-income securities	84	147
Net cash used in investing activities	(2,179)	(2,159)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	1,776	1,416
Repayments of long-term debt	(623)	(474)
Net short-term borrowings with original maturities less than three months	126	35
Advances and contributions in aid of construction, net of refunds of $25 and $24 for the nine months ended September 30, 2025 and 2024, respectively	60	33
Debt issuance costs	(17)	(13)
Dividends paid	(472)	(436)
Other, net	2	5
Net cash provided by financing activities	852	566
Net increase (decrease) in cash, cash equivalents and restricted funds	69	(187)
Cash, cash equivalents and restricted funds at beginning of period	140	364
Cash, cash equivalents and restricted funds at end of period	$ 209	$ 177
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 331	$ 317
Acquisition financed by treasury stock	$ 7	$ —
Non-cash financing activity:		
Settlements of long-term debt	$ 27	$ —

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534
Net income attributable to common shareholders	—	—	—	289	—	—	—	289
Common stock issuances (a)	—	—	10	—	—	—	—	10
Acquisitions via treasury stock	—	—	—	—	—	—	7	7
Net other comprehensive income	—	—	—	—	3	—	—	3
Dividends ($0.8275 declared per common share)	—	—	—	(161)	—	—	—	(161)
Balance as of June 30, 2025	200.5	$ 2	$ 8,621	$ 2,445	$ 5	(5.5)	$ (391)	$ 10,682
Net income attributable to common shareholders	—	—	—	379	—	—	—	379
Common stock issuances (a)	0.1	—	9	—	—	—	—	9
Net other comprehensive loss	—	—	—	—	(1)	—	—	(1)
Dividends ($0.8275 declared per common share)	—	—	—	(162)	—	—	—	(162)
Balance as of September 30, 2025	200.6	$ 2	$ 8,630	$ 2,662	$ 4	(5.5)	$ (391)	$ 10,907

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock					Treasury Stock		
	Shares	Par Value	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Shares	At Cost	Total Shareholders' Equity
Balance as of December 31, 2023	200.1	$ 2	$ 8,550	$ 1,659	$ (26)	(5.5)	$ (388)	$ 9,797
Net income attributable to common shareholders	—	—	—	185	—	—	—	185
Common stock issuances (a)	0.2	—	11	—	—	—	(4)	7
Net other comprehensive income	—	—	—	—	18	—	—	18
Balance as of March 31, 2024	200.3	$ 2	$ 8,561	$ 1,844	$ (8)	(5.5)	$ (392)	$ 10,007
Net income attributable to common shareholders	—	—	—	277	—	—	—	277
Common stock issuances (a)	—	—	17	—	—	—	—	17
Net other comprehensive income	—	—	—	—	1	—	—	1
Dividends ($0.7650 declared per common share)	—	—	—	(150)	—	—	—	(150)
Balance as of June 30, 2024	200.3	$ 2	$ 8,578	$ 1,971	$ (7)	(5.5)	$ (392)	$ 10,152
Net income attributable to common shareholders	—	—	—	350	—	—	—	350
Common stock issuances (a)	—	—	10	—	—	—	—	10
Net other comprehensive loss	—	—	—	—	(1)	—	—	(1)
Dividends $0.7650) declared per common share)	—	—	—	(149)	—	—	—	(149)
Balance as of September 30, 2024	200.3	$ 2	$ 8,588	$ 2,172	$ (8)	(5.5)	$ (392)	$ 10,362

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of September 30, 2025, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of September 30, 2025:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Taxes	The guidance in this standard requires disclosure of a tax rate reconciliation table, in both percentages and reporting currency amounts, which includes additional categories of information about federal, state, and foreign income taxes and provides further details about reconciling items in certain categories that meet a quantitative threshold. The guidance also requires an annual disclosure of income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes paid, and further disaggregated by jurisdiction based on a quantitative threshold. The standard includes other disclosure requirements and eliminates certain existing disclosure requirements.	Annual periods beginning after December 15, 2024	Prospective, with retrospective application also permitted.	The Company will adopt this standard for the 2025 annual period, by including the updated required disclosures in the Notes to the Consolidated Financial Statements.
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	Annual periods beginning after December 15, 2025 and interim reporting period within those annual reporting periods	Prospective, with retrospective application also permitted.	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	Annual periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

In December and January of 2024, the NJEDA issued the utilization certificates for the 2022 and 2021 tax credits to the Company in the amount of $15 million and $16 million, respectively. The Company sold the 2022 and 2021 tax credits to an external party for $14 million and $15 million, respectively. As of September 30, 2025, the Company had current assets of $15 million included in Other and $75 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. In October of 2025, the NJEDA issued the utilization certificates for the 2023 tax credits to the Company in the amount of $15 million and the Company expects to monetize these credits in 2025. As of December 31, 2024, the Company had no current assets and $90 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2023 through 2028 tax credits. The Company has made the necessary annual filing for the year ended December 31, 2024. The submitted filing is under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended September 30:

	2025	2024
Cash and cash equivalents	$ 166	$ 127
Restricted funds	11	40
Restricted funds included in other long-term assets	32	10
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 209	$ 177

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts are maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the nine months ended September 30:

	2025	2024
Balance as of January 1	$ (53)	$ (51)
Amounts charged to expense	(36)	(19)
Amounts written off	31	20
Balance as of September 30	$ (58)	$ (50)

Reclassifications

Certain reclassifications have been made to prior periods in the Consolidated Financial Statements and Notes to conform to the current presentation.

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
Hawaii	August 1, 2025	$ 1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. The California subsidiary has requested an opportunity to formally reply. The CPUC will consider both positions, and the California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application requested an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which would have required the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, passed out of the California Senate but did not advance in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary may put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	October 1, 2025	$ 5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 43

Pending Infrastructure Surcharge Filings

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 739	$ —	$ 739
Commercial	287	—	287
Fire service	46	—	46
Industrial	55	—	55
Public and other	93	—	93
Total water services	1,220	—	1,220
Wastewater services:			
Residential	75	—	75
Commercial	25	—	25
Industrial	7	—	7
Public and other	6	—	6
Total wastewater services	113	—	113
Miscellaneous utility charges	13	—	13
Alternative revenue programs	—	(4)	(4)
Lease contract revenue	—	1	1
Total Regulated Businesses	1,346	(3)	1,343
Other	108	—	108
Total operating revenues	$ 1,454	$ (3)	$ 1,451

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers* ("ASC 606"), and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 677	$ 2	$ 679
Commercial	253	2	255
Fire service	41	—	41
Industrial	49	1	50
Public and other	93	—	93
Total water services	1,113	5	1,118
Wastewater services:			
Residential	61	1	62
Commercial	20	—	20
Industrial	4	—	4
Public and other	11	—	11
Total wastewater services	96	1	97
Miscellaneous utility charges	14	—	14
Alternative revenue programs	—	(12)	(12)
Lease contract revenue	—	2	2
Total Regulated Businesses	1,223	(4)	1,219
Other	105	(1)	104
Total operating revenues	$ 1,328	$ (5)	$ 1,323

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,936	$ —	$ 1,936
Commercial	742	—	742
Fire service	139	—	139
Industrial	146	—	146
Public and other	238	—	238
Total water services	3,201	—	3,201
Wastewater services:			
Residential	214	—	214
Commercial	64	—	64
Industrial	17	—	17
Public and other	21	—	21
Total wastewater services	316	—	316
Miscellaneous utility charges	38	—	38
Alternative revenue programs	—	11	11
Lease contract revenue	—	4	4
Total Regulated Businesses	3,555	15	3,570
Other	300	(1)	299
Total operating revenues	$ 3,855	$ 14	$ 3,869

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the nine months ended September 30, 2024:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 1,760	$ 3	$ 1,763
Commercial	656	3	659
Fire service	123	—	123
Industrial	137	1	138
Public and other	217	—	217
Total water services	2,893	7	2,900
Wastewater services:			
Residential	180	1	181
Commercial	52	—	52
Industrial	9	—	9
Public and other	28	—	28
Total wastewater services	269	1	270
Miscellaneous utility charges	33	—	33
Alternative revenue programs	—	(5)	(5)
Lease contract revenue	—	6	6
Total Regulated Businesses	3,195	9	3,204
Other	280	(1)	279
Total operating revenues	$ 3,475	$ 8	$ 3,483

(a) Includes revenues associated with provisional rates, alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $153 million and $84 million are included in Unbilled revenues on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Also, contract assets of $2 million and $39 million are included in other long-term assets on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Contract liabilities of $16 million and $40 million are included in other current liabilities on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Also, contract liabilities of $31 million and $14 million are included in other long-term liabilities on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively. Revenues recognized for the nine months ended September 30, 2025 and 2024, from amounts included in contract liabilities were $72 million and $82 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of September 30, 2025, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of September 30, 2025, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2026 and 2038 and have RPOs of $533 million as of September 30, 2025, as measured by estimated remaining contract revenue.

Note 5: Acquisitions and Divestitures

Regulated Businesses

During the nine months ended September 30, 2025, the Company closed on ten acquisitions of various regulated water and wastewater systems for a total aggregate purchase price of $29 million, which added approximately 11,000 water and wastewater customers. This includes the Company's acquisition of the Audubon Water Company effective May 28, 2025, for a total consideration of $7 million, in the form of 48,381 shares of parent company common stock, net of an indemnity escrow claim. Assets acquired from the ten acquisitions, principally utility plant, totaled $44 million and liabilities assumed totaled $22 million, including assumed debt of $12 million. The Company recorded goodwill of $7 million associated with three of its acquisitions, which is reported in the Company's Regulated Businesses segment. Five of these acquisitions were accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations was not material to the Consolidated Statements of Operations for the periods ended September 30, 2025 and 2024.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021 (the "Closing Date"), the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of September 30, 2025, is a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. The Company recognized $20 million of interest income during each of the three months ended September 30, 2025 and 2024, and $60 million and $57 million of interest income during the nine months ended September 30, 2025 and 2024, respectively, from the secured seller note. The final maturity date of the secured seller note is December 9, 2026.

The secured seller note may not be repaid at the Buyer's election (except in certain limited circumstances) before the fourth anniversary of the Closing Date. If the Buyer seeks to repay the secured seller note in breach of this non-call provision, an event of default will occur under the secured seller note and the Company may, among other actions, demand repayment in full together with a premium of 105.5% of the outstanding principal amount of the loan and a customary "make-whole" payment.

Note 6: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of September 30, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended September 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of June 30, 2025	$ (95)	$ 1	$ 75	$ 25	$ (1)	$ 5
Other comprehensive loss before reclassifications	—	—	—	(1)	—	(1)
Net other comprehensive loss	—	—	—	(1)	—	(1)
Balance as of September 30, 2025	$ (95)	$ 1	$ 75	$ 24	$ (1)	$ 4
Balance as of June 30, 2024	$ (96)	$ 1	$ 75	$ 10	$ 3	$ (7)
Other comprehensive (loss) income before reclassifications	—	—	—	(2)	1	(1)
Net other comprehensive (loss) income	—	—	—	(2)	1	(1)
Balance as of September 30, 2024	$ (96)	$ 1	$ 75	$ 8	$ 4	$ (8)

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the nine months ended September 30, 2025 and 2024, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(6)	1	(5)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	1	—	(4)	(3)
Net other comprehensive income (loss)	—	—	1	(6)	(3)	(8)
Balance as of September 30, 2025	$ (95)	$ 1	$ 75	$ 24	$ (1)	$ 4
Balance as of December 31, 2023	$ (96)	$ 1	$ 74	$ (9)	$ 4	$ (26)
Other comprehensive income before reclassifications	—	—	—	17	—	17
Amounts reclassified from accumulated other comprehensive income	—	—	1	—	—	1
Net other comprehensive income	—	—	1	17	—	18
Balance as of September 30, 2024	$ (96)	$ 1	$ 75	$ 8	$ 4	$ (8)

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On September 3, 2025, the Company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of August 12, 2025.

On October 28, 2025, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8275 per share, payable on December 2, 2025, to shareholders of record as of November 13, 2025. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On August 8, 2025, American Water Capital Corp. ("AWCC") completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

In addition to the notes issued by AWCC as described above, during the nine months ended September 30, 2025, the Company's regulated subsidiaries issued in the aggregate $84 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 3.71%, a weighted average interest rate of 2.39%, and maturity dates ranging from 2025 through 2054. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the nine months ended September 30, 2025, were collateralized. During the nine months ended September 30, 2025, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled $650 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 8.58%, a weighted average interest rate of 3.03%, and maturity dates ranging from 2025 to 2061.

As of September 30, 2025, the Company had two treasury lock agreements, with a term of 10 years and 30 years and an aggregate notional amount totaling $100 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.55%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025 and August 2025, the Company terminated two and nine treasury lock agreements, respectively, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million and $350 million, respectively, realizing a pre-tax net gain of $12 million and $1 million, respectively, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2025 or 2024.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Notes is subject to adjustment as provided in the indenture pursuant to which the Notes were issued (the "Note Indenture"). Prior to the close of business on the business day immediately preceding March 15, 2026, the Notes are exchangeable at the option of the noteholders only upon the satisfaction of specified conditions and during certain periods described in the Note Indenture. On or after March 15, 2026, until the close of business on the business day immediately preceding the Maturity Date, the Notes will be exchangeable at the option of the noteholders at any time regardless of these conditions or periods. Upon any exchange of the Notes, AWCC will (i) pay cash up to the aggregate principal amount of the Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of the Notes being exchanged.

AWCC may not redeem the Notes prior to the Maturity Date, and no sinking fund is provided for the Notes. Subject to certain conditions, holders of the Notes will have the right to require AWCC to repurchase all or a portion of their Notes upon the occurrence of a fundamental change, as defined in the Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1,005 million and $880 million as of September 30, 2025, and December 31, 2024, respectively, or net of discount $1,005 million and $879 million as of September 30, 2025, and December 31, 2024, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.26% and 4.65% at September 30, 2025, and December 31, 2024, respectively. At September 30, 2025, and December 31, 2024, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,005)	(84)	(1,089)
Remaining availability as of September 30, 2025	$ 1,595	$ 66	$ 1,661

(a) Total remaining availability of $1.7 billion as of September 30, 2025, was accessible through revolver draws.

	As of December 31, 2024		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of September 30, 2025, and December 31, 2024, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2025	$ 166	$ 1,661	$ 1,827
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

Note 9: Income Taxes

The Company's effective income tax rate was 23.3% and 22.7% for the three months ended September 30, 2025 and 2024, respectively, and 23.4% and 23.1% for the nine months ended September 30, 2025 and 2024, respectively. The increase in the Company's effective income tax rate for the three and nine months ended September 30, 2025, was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. The IRA contains a 15% Corporate Alternative Minimum Tax ("CAMT") provision on applicable corporations effective January 1, 2023. To determine if a company is considered an applicable corporation subject to CAMT, the company's average adjusted financial statement income ("AFSI") for the three consecutive years preceding the tax year must exceed $1.0 billion. An applicable corporation must make several adjustments to net income when determining AFSI. A corporation paying CAMT is eligible for a future tax credit, which can be carried forward indefinitely and utilized when regular tax exceeds CAMT. Based on current guidance, the Company is an applicable corporation subject to CAMT beginning in 2024. The Company included the CAMT liability in its 2024 extension payment on April 15, 2025. As of September 30, 2025, the Company has a CAMT credit carryforward of $177 million.

On June 2, 2025, the Internal Revenue Service ("IRS") and the U.S. Treasury issued Notice 2025-27, allowing corporate taxpayers to exclude amounts attributable to the CAMT liability, without penalty, from estimated tax payments with respect to a taxable year that begins after December 31, 2024, and before January 1, 2026. The Company plans to include the CAMT liability in its 2025 extension payment on April 15, 2026. The Company will continue to assess the impacts of the IRA as the U.S. Treasury and the IRS provide further guidance.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Components of net periodic pension benefit cost:				
Service cost	$ 4	$ 4	$ 11	$ 13
Interest cost	22	21	65	63
Expected return on plan assets	(22)	(24)	(67)	(71)
Amortization of prior service credit	—	(1)	(2)	(3)
Amortization of actuarial loss	6	6	17	18
Net periodic pension benefit cost	$ 10	$ 6	$ 24	$ 20
Components of net periodic other postretirement benefit credit:				
Service cost	$ 1	$ 1	$ 1	$ 2
Interest cost	3	3	9	9
Expected return on plan assets	(3)	(3)	(9)	(9)
Amortization of prior service credit	(8)	(8)	(24)	(24)
Net periodic other postretirement benefit credit	$ (7)	$ (7)	$ (23)	$ (22)

The Company contributed $11 million and $33 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2025, respectively, and contributed $11 million and $33 million for the funding of its defined benefit pension plans for the three and nine months ended September 30, 2024, respectively. The Company expects to make additional pension contributions to the plan trusts of $11 million during the remainder of 2025.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of September 30, 2025, the Company has accrued approximately $16 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $4 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). The failure of the main caused water outages and low pressure for up to approximately 25,000 WVAWC customers. In the early morning hours of June 25, 2015, crews completed a repair, but that same day, the repair developed a leak. On June 26, 2015, a second repair was completed, and service was restored that day to approximately 80% of the impacted customers, and to the remaining approximately 20% by the next morning. The second repair showed signs of leaking, but the water main was usable until June 29, 2015, to allow tanks to refill. The system was reconfigured to maintain service to all but approximately 3,000 customers while a final repair was being completed safely on June 30, 2015. Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleges breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. The *Jeffries* plaintiffs seek unspecified alleged damages on behalf of the class for lost profits, annoyance and inconvenience, and loss of use, as well as punitive damages for willful, reckless and wanton behavior in not addressing the risk of pipe failure and a large outage.

In February 2020, the *Jeffries* plaintiffs filed a motion seeking class certification on the issues of breach of contract and negligence, and to determine the applicability of punitive damages and a multiplier for those damages if imposed. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier. Trial in this matter had been scheduled for January 2025.

On January 17, 2025, before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to claims by the *Jeffries* plaintiffs, and, on May 5, 2025, the Circuit Court issued an order granting preliminary approval of the Dunbar Settlement. On September 11, 2025, the Circuit Court held its final fairness hearing and issued an order on September 12, 2025, granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, and the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is expected to be $5 million, with the remainder being contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, and WVAWC has paid approximately $2 million as of September 30, 2025. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims. As a result of the foregoing, the Company has maintained as of September 30, 2025 its previously recorded charge to earnings, net of expected insurance receivables, of $5.0 million ($3.9 million after-tax). The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest.

In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC, which remain pending. In October 2020, TAWC answered the complaint, and the parties have been engaging in discovery. In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. This appeal remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On December 14, 2023, Mountaineer Gas filed a motion with the Supreme Court of West Virginia to transfer this case to the West Virginia Business Court. On December 29, 2023, WVAWC filed a joinder in the motion to transfer the case. WVAWC has also filed a partial motion to dismiss this lawsuit. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. Mountaineer Gas voluntarily dismissed its implied indemnity count against WVAWC, rendering moot WVAWC's partial motion to dismiss, and on May 31, 2024, WVAWC answered the complaint. The West Virginia Business Court has set a trial date for this matter, which has been reset to August 10, 2026.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On January 30, 2024, a motion was filed with the West Virginia Supreme Court on behalf of the *Toliver* plaintiff to refer the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On February 7, 2024, WVAWC filed a motion joining in that referral request. On February 19, 2024, Mountaineer Gas filed a motion opposing the referral of the four class action complaints and the *Mountaineer Gas* complaint to the West Virginia Mass Litigation Panel. On May 31, 2024, the West Virginia Supreme Court denied the motion seeking referral. The Kanawha County Circuit Court has set a trial date of February 2, 2026, for the class action complaints.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $310 million in aggregate costs as of September 30, 2025, related to the Water Supply Project, which includes $102 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2024, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2025 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. Cal Am is evaluating potential additional actions to seek to uphold LAFCO's denial of the MPWMD's application, including filing other challenges and/or making suitable presentations at a subsequent LAFCO rehearing.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. Both motions are scheduled for court hearing on December 12, 2025. This matter remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective public utility commissions to apply the net proceeds for the benefit of customers. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable public utility commissions. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of September 30, 2025. A corresponding amount has been recorded as a regulatory liability given that the Company intends to seek appropriate regulatory approvals as noted above. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Numerator:				
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812
Denominator:				
Weighted-average common shares outstanding—Basic	195	195	195	195
Effect of dilutive common stock equivalents	—	—	—	—
Effect of dilutive forward sale agreements	—	—	—	—
Weighted-average common shares outstanding—Diluted	195	195	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three and nine months ended September 30, 2025 and 2024, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. There were less than one million shares related to the Forward Sale Agreements included in the computation of diluted EPS for the three and nine months ended September 30, 2025.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For both periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—The carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note, included as part of the consideration from the sale of HOS, is $795 million as of September 30, 2025, and December 31, 2024. This amount represents the principal amount owed under the secured seller promissory note, for which the Company expects to receive full payment. The accounting fair value measurement of the secured seller promissory note approximated $799 million and $793 million as of September 30, 2025, and December 31, 2024, respectively. The accounting fair value measurement is an estimate that is reflective of changes in benchmark interest rates. The secured seller promissory note is classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of September 30, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,291	11,743	1,062	610	13,415

	As of December 31, 2024				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	13,155	10,165	1,050	658	11,873

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 43	$ —	$ —	$ 43
Rabbi trust investments	31	—	—	31
Deposits	146	—	—	146
Other investments:				
Money market and other	22	—	—	22
Fixed-income securities	50	7	—	57
Total assets	292	7	—	299
Liabilities:				
Deferred compensation obligations	36	—	—	36
Mark-to-market derivative liability	—	1	—	1
Total liabilities	36	1	—	37
Total assets	$ 256	$ 6	$ —	$ 262

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 44	$ —	$ —	$ 44
Rabbi trust investments	29	—	—	29
Deposits	6	—	—	6
Other investments:				
Money market and other	21	—	—	21
Fixed-income securities	88	6	—	94
Mark-to-market derivative asset	—	24	—	24
Total assets	188	30	—	218
Liabilities:				
Deferred compensation obligations	34	—	—	34
Total liabilities	34	—	—	34
Total assets	$ 154	$ 30	$ —	$ 184

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $32 million and $15 million were included in other long-term assets on the Consolidated Balance Sheets as of September 30, 2025, and December 31, 2024, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds, including the initial settlement payment from the MDL, and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of September 30, 2025, the Company had current assets of $79 million included in Other and had no long-term assets on the Consolidated Balance Sheets for other investments measured and recorded at fair value. As of December 31, 2024, the Company had current assets of $71 million included in Other and $44 million of other long-term assets included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of September 30, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 58	$ —	$ 1	$ 57

	As of December 31, 2024			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 94	$ 2	$ 2	$ 94

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of September 30, 2025, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
Less than one year	$ 19
1 year - 5 years	26
5 years - 10 years	5
Greater than 10 years	7
Total	$ 57

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, five years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $143 million as of September 30, 2025, and December 31, 2024. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $1 million in 2025, $4 million each year in 2026 through 2029, and $37 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $4 million and $3 million for the three months ended September 30, 2025 and 2024, respectively, and $10 million and $9 million for the nine months ended September 30, 2025 and 2024, respectively.

For the three and nine months ended September 30, 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, was $3 million and $9 million, respectively. For the nine months ended September 30, 2025, there were ROU assets obtained in exchange for new operating lease liabilities of $7 million.

As of September 30, 2025, the weighted-average remaining lease term of the operating leases was 18 years, and the weighted-average discount rate of the operating leases was 5%.

The future maturities of lease liabilities as of September 30, 2025, were $3 million in 2025, $11 million in 2026, $11 million in 2027, $8 million in 2028, $7 million in 2029, and $89 million thereafter. As of September 30, 2025, imputed interest was $47 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended September 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,343	$ 108	$ 1,451
Less:			
Operation and maintenance (a)	433	90	523
Other segment items (b)	70	3	73
Depreciation and amortization	224	2	226
Interest expense	122	36	158
Interest income	(1)	(22)	(23)
Provision for income taxes	112	3	115
Net income (loss) attributable to common shareholders	$ 383	$ (4)	$ 379
Total assets	$ 31,874	$ 2,874	$ 34,748
Cash paid for capital expenditures	$ 792	$ 5	$ 797

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,219	$ 104	$ 1,323
Less:			
Operation and maintenance (a)	402	94	496
Other segment items (b)	62	2	64
Depreciation and amortization	196	4	200
Interest expense	107	25	132
Interest income	(6)	(16)	(22)
Provision for income taxes	102	1	103
Net income (loss) attributable to common shareholders	$ 356	$ (6)	$ 350
Total assets	$ 29,238	$ 2,552	$ 31,790
Cash paid for capital expenditures	$ 683	$ —	$ 683

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Nine Months Ended September 30, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,570	$ 299	$ 3,869
Less:			
Operation and maintenance (a)	1,234	237	1,471
Other segment items (b)	205	4	209
Depreciation and amortization	654	9	663
Interest expense	352	101	453
Interest income	(3)	(64)	(67)
Provision for income taxes	256	11	267
Net income attributable to common shareholders	$ 872	$ 1	$ 873
Total assets	$ 31,874	$ 2,874	$ 34,748
Cash paid for capital expenditures	$ 2,070	$ 8	$ 2,078

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Nine Months Ended September 30, 2024		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 3,204	$ 279	$ 3,483
Less:			
Operation and maintenance (a)	1,109	230	1,339
Other segment items (b)	186	5	191
Depreciation and amortization	569	12	581
Interest expense	306	81	387
Interest income	(14)	(57)	(71)
Provision for income taxes	233	11	244
Net income (loss) attributable to common shareholders	$ 815	$ (3)	$ 812
Total assets	$ 29,238	$ 2,552	$ 31,790
Cash paid for capital expenditures	$ 1,954	$ 8	$ 1,962

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Other operating expenses, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

Note 16: Subsequent Events

Execution of Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, approvals by each of parent company's and Essential's shareholders, the receipt of required approvals from all applicable public utility commissions on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2024. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

For the three and nine months ended September 30, 2025, diluted earnings per share, prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), were $1.94 and $4.47, respectively, compared to $1.80 and $4.17 per share in the same periods in 2024. The increase was primarily driven by the implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments. Results also reflect increased operating costs and higher depreciation and financing costs to support the current capital investment plan. Results for the three and nine months ended September 30, 2025, reflect the net impact of weather compared to normal, estimated at $0.03 favorable and flat per share, respectively. Results for the three and nine months ended September 30, 2024, reflect the net favorable impact of warmer, drier weather compared to normal, estimated at $0.04 and $0.07 per share, respectively.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company currently plans to invest approximately $3.2 billion in these growth strategies in 2025. During the first nine months of 2025, the Company invested $2.2 billion, in the Regulated Businesses, as discussed below.

- $2.1 billion capital investment in the Regulated Businesses for infrastructure improvements and replacements; and
- $30 million to fund acquisitions in the Regulated Businesses, which added approximately 11,000 customers. This includes the Company's acquisition effective May 28, 2025, of all the outstanding capital stock of Audubon Water Company, for total consideration of $7 million in the form of shares of parent company common stock.
- Approximately 14,600 new customers were added through organic growth in existing systems.

Excluding the Essential Merger Agreement (as defined below), as of September 30, 2025, the Company had entered into 24 agreements with a total aggregate purchase price of $572 million for pending acquisitions in the Regulated Businesses to add approximately 98,000 additional customers.

Execution of Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into an Agreement and Plan of Merger with Essential (the "Essential Merger Agreement") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, approvals by each of parent company's and Essential's shareholders, the receipt of required approvals from all applicable PUCs on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027.

Execution of Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before August 2026.

Other Matters

Cybersecurity Incident Update

Prior to filing a consolidated complaint, the plaintiffs in the putative consolidated class action lawsuit against parent company related to the Company's October 2024 cybersecurity incident agreed to voluntarily dismiss their consolidated Federal court lawsuit without prejudice. An order of voluntary dismissal was entered on March 24, 2025, which concludes this lawsuit against parent company.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court. During the third quarter of 2024 and the first quarter of 2025, the Company timely submitted to the MDL court its Phase One claim forms under settlement agreements with defendants 3M Company, The Chemours Company, Corteva, Inc., DuPont de Nemours, Inc., Tyco Fire Products LP and BASF Corporation.

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable PUCs. The funds have been recorded on the Company's Consolidated Balance Sheet within other current assets, as of September 30, 2025. A corresponding amount has been recorded as a regulatory liability given that the Company intends to seek appropriate regulatory approvals as noted above. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that had been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. The Company believes that the claims asserted are without merit and the relevant utility subsidiaries have valid, meritorious defenses to the claims. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

Environmental, Health and Safety, and Water Quality Regulation

On April 10, 2024, the U.S. Environmental Protection Agency ("EPA") announced a final National Primary Drinking Water Regulation ("NPDWR") for six PFAS including PFOA, PFOS, PFNA, HFPO-DA, PFHxS, and PFBS. The NPDWR for PFAS establishes legally enforceable levels, called maximum contaminant levels, for PFAS in drinking water. Utilities will be required to complete their initial monitoring for PFAS by 2027, followed by ongoing compliance monitoring. Although the EPA has indicated their intent to extend the compliance deadline to 2031, under the current rule utilities will be required to comply with the new MCLs by April 2029, implementing solutions to reduce PFAS levels where needed. Beginning in April 2029, utilities that exceed any of the PFAS MCLs will be required to provide notification to the public of the violation.

Upon initial review of the compliance requirements in 2024, the Company estimated an investment of approximately $1 billion of capital expenditures to install additional treatment facilities in order to comply with the new regulations by April 2029. The Company currently estimates an investment of approximately $2 billion of capital expenditures to install additional treatment facilities in order to comply with the NPDWR as proposed.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that are effective during 2025. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
Hawaii	August 1, 2025	$ 1
Iowa	August 1, 2025 (a)	13
Missouri	May 28, 2025	63
Indiana, Step Increase	May 14, 2025	17
Virginia	February 24, 2025 (b)	15
Tennessee	January 21, 2025	1
Illinois	January 1, 2025	105
California, Step Increase	January 1, 2025	17
Total general rate case authorizations		$ 232

(a) Interim rates of $5 million were effective May 11, 2024. The Iowa Utilities Commission issued its final order on May 21, 2025.

(b) Interim rates were effective May 1, 2024, and the difference between interim and final approved rates were subject to refund. The Virginia State Corporation Commission issued its final order on February 24, 2025.

On July 24, 2025, the Hawaii Public Utilities Commission issued a final order adopting the settlement agreement filed by the Company's Hawaii subsidiary on April 25, 2025, with respect to its general rate case filed on August 2, 2024. The final order approves an annualized increase of approximately $1 million in wastewater revenue, which is based on a return on equity of 9.75% and a capital structure with an equity component of 52.11% and a debt component of 47.89%. New rates were effective August 1, 2025.

On May 21, 2025, the Iowa Utilities Commission issued a final order approving the adjustment of base rates requested in a general rate case originally filed on May 1, 2024, by the Company's Iowa subsidiary. The general rate case order approved a $13 million annualized increase in water and wastewater system revenues, excluding infrastructure surcharges of $1 million, based on an authorized return on equity of 9.60%, authorized rate base of $262 million, and a capital structure with a common equity component of 52.57% and a long-term debt component of 47.43%. The requested annualized revenue increase was driven primarily by over $157 million of capital investments made and expected to be made by the Iowa subsidiary through March 2026. Interim rates of $5 million were effective May 11, 2024, with the remaining increase in annualized water and wastewater system revenues of $8 million effective on August 1, 2025.

On May 14, 2025, the Company's Indiana subsidiary's third step increase of $17 million in annualized water and wastewater system revenues became effective. The Indiana subsidiary filed the general rate case on March 31, 2023, and on February 14, 2024, the Indiana Utility Regulatory Commission (the "IURC") issued an order that approved a $65 million annualized increase in water and wastewater system revenues, excluding previously recovered infrastructure surcharges. The annualized revenue increase included three step increases, with $25 million of the increase included in rates in February 2024, $23 million in May 2024, and $17 million in May 2025.

On May 7, 2025, the Missouri Public Service Commission (the "MoPSC") issued an order approving without modification the stipulation and agreement (the "Stipulation") with respect to a general rate case filed on July 1, 2024, by the Company's Missouri subsidiary. The Stipulation was entered into on March 17, 2025, with parties including the staff of the MoPSC and the Office of the Public Counsel. The general rate case order approves a $63 million annualized increase in water and wastewater revenues, excluding $63 million in infrastructure surcharges. The requested annualized revenue increase was driven primarily by $1.1 billion of capital investments completed by the Missouri subsidiary from January 2023 through May 2025. For purposes of the general rate case, the Missouri subsidiary's view of its rate base is $3.2 billion, and its view as to its return on equity and common equity ratio (each of which has been determined based on the order but was not disclosed therein) is 9.75% and 50.00%, respectively.

On February 24, 2025, the Virginia State Corporation Commission (the "VSCC") issued an order approving the September 19, 2024 joint "black box" settlement of the general rate case filed by the Company's Virginia subsidiary. The general rate case order approves the stipulated $15 million annualized increase in water and wastewater revenues. Interim water and wastewater rates became effective May 1, 2024, with the difference between interim and final approved rates subject to refund. The requested annualized revenue increase was driven primarily by more than $110 million of incremental capital investments made between May 2023 and April 2025. For purposes of the general rate case, the Virginia subsidiary's view of its rate base is $369 million. The general rate case order also approved, solely for purposes of the Virginia subsidiary's future filings requiring a stated cost of capital and/or capital structure (including its annual information and water and wastewater infrastructure surcharge filings), a return on equity of 9.70% and a capital structure consisting of an equity component of 45.67% and a debt and other component of 54.33%, which also represents the Virginia subsidiary's view of its return on equity and capital structure in this general rate case.

On January 21, 2025, the Tennessee Public Utility Commission (the "TPUC") approved a motion authorizing an adjustment of water base rates requested in a rate case filed on May 1, 2024, by the Company's Tennessee subsidiary. The TPUC approved an increase of $1 million in annualized revenues, excluding previously recovered infrastructure surcharges of $18 million, based on an authorized return on equity of 9.70%, authorized rate base of approximately $300 million, a common equity ratio of 44.19% and a debt ratio of 55.81%. This adjustment took effect on January 21, 2025, and is driven primarily by approximately $173 million in capital investments completed and planned by the Tennessee subsidiary through December 2025.

On January 14, 2025, the California Public Utilities Commission (the "CPUC") granted the Company's California subsidiary's request for a one-year extension of its cost of capital filing to May 1, 2026, to set its authorized cost of capital beginning January 1, 2027, and maintain its current authorized cost of capital through 2026.

On December 5, 2024, the Illinois Commerce Commission issued a final order approving the adjustment of base rates requested in a rate case originally filed on January 25, 2024, by the Company's Illinois subsidiary. The general rate case order approved an increase of $105 million in annualized water and wastewater system revenues, excluding previously recovered infrastructure surcharges of $5 million, based on an authorized return on equity of 9.84%, authorized rate base of $2.2 billion, and a capital structure with an equity component of 49.00% and a debt component of 51.00%. The increase was effective January 1, 2025, and is driven primarily by approximately $557 million in capital investments completed and planned by the Illinois subsidiary from January 2024 through December 2025.

On December 5, 2024, the CPUC approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. The 2024 rates were implemented retroactively to January 1, 2024. In addition, the CPUC denied the California subsidiary's proposed Water Resources Sustainability Plan decoupling mechanism but approved continuation of its currently effective Annual Consumption Adjustment Mechanism. On December 12, 2024, the California subsidiary filed an application for rehearing of the CPUC's denial of the proposed Water Resources Sustainability Plan decoupling mechanism, and on May 23, 2025, the CPUC issued its decision denying the application for rehearing. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order received on December 5, 2024, for its general rate case originally filed on July 1, 2022. The request seeks clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. The California subsidiary has requested an opportunity to formally reply. The CPUC will consider both positions, and the California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On August 1, 2025, the Company's Maryland subsidiary filed a general rate case requesting approximately $3 million in annualized incremental revenues, which is based on a proposed return on equity of 10.64% and a capital structure with an equity component of 52.32%. The requested annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary from February 2019 through April 2025. The filing must be approved by the Public Service Commission of Maryland, and if approved, it is anticipated that new rates would take effect in March 2026.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. The application requested an increase of $63 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $111 million. On October 13, 2025, the California subsidiary filed its 100 day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently. Independent of the pending rate case, California Senate Bill 473, which would have required the CPUC to ensure variances between forecasted and actual sales do not result in material overcollections or undercollections by water corporations, passed out of the California Senate but did not advance in the California Assembly Appropriations Committee.

On May 16, 2025, the Company's Kentucky subsidiary filed a general rate case requesting approximately $27 million in annualized incremental revenues, excluding infrastructure surcharges of $10 million, which is based on a proposed return on equity of 10.75% and a proposed capital structure with a common equity component of 52.26% and a debt component of 47.74%. The requested annualized incremental revenue is being driven primarily by approximately $212 million of capital investments completed and planned by the Kentucky subsidiary from February 2025 through December 2026. As provided by statutory authority, the Kentucky subsidiary may put into effect proposed rates on an interim basis seven months after the filing of this case, or December 16, 2025, and the difference between the interim and final approved rates will be subject to refund. The request is subject to approval by the Kentucky Public Service Commission, and the general rate case is expected to be completed by the end of the first quarter of 2026.

On May 5, 2025, the Company's West Virginia subsidiary filed a general rate case requesting approximately $48 million in aggregate annualized incremental revenues, excluding infrastructure surcharges of $13 million, which would include two step increases, with $33 million to be included in rates in March 2026, and $15 million to be included in rates in March 2027. The request is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 50.80% and 50.97%, respectively, for each of the two steps. The requested annualized incremental revenue is driven primarily by more than $300 million of capital investments completed and planned by the West Virginia subsidiary from March 2024 through February 2027. The request is subject to approval by the Public Service Commission of West Virginia, and the general rate case is expected to be completed by the end of February 2026.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2025:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	October 1, 2025	$ 5
New Jersey	May 30, 2025	15
Missouri	February 7, 2025	17
Kentucky	January 1, 2025	2
West Virginia	January 1, 2025	4
Total infrastructure surcharge authorizations		$ 43

Pending Infrastructure Surcharge Filings

On September 3, 2025, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $13 million in additional annualized revenues.

On June 30, 2025, the Company's West Virginia subsidiary filed an infrastructure surcharge proceeding requesting $3 million in additional annualized revenues.

Other Regulatory Matters

The Pennsylvania Public Utility Commission (the "PaPUC"), as part of its July 22, 2024, approval of the general rate case filed by the Company's Pennsylvania subsidiary on November 8, 2023, initiated an investigation into certain reported water service and water quality issues in the Pennsylvania subsidiary's Northeastern service territory, which reports had been provided during public input hearings convened in the general rate case. The PaPUC concluded the investigation and issued a Root Cause Analysis Report on August 5, 2025, which found no systemic issues affecting the Pennsylvania subsidiary's water service in the Northeastern service territory and expressed satisfaction with the Pennsylvania subsidiary's efforts to manage water service matters. The PaPUC committed to continued monitoring of the Pennsylvania subsidiary's service over the next three years.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 1,451	$ 1,323	$ 3,869	$ 3,483
Operating expenses:				
Operation and maintenance	523	496	1,471	1,339
Depreciation and amortization	226	200	663	581
General taxes	87	84	260	246
Other	1	—	1	(1)
Total operating expenses, net	837	780	2,395	2,165
Operating income	614	543	1,474	1,318
Other (expense) income:				
Interest expense	(158)	(132)	(453)	(387)
Interest income	23	22	67	71
Non-operating benefit costs, net	4	7	12	23
Other, net	11	13	40	31
Total other (expense) income	(120)	(90)	(334)	(262)
Income before income taxes	494	453	1,140	1,056
Provision for income taxes	115	103	267	244
Net income attributable to common shareholders	$ 379	$ 350	$ 873	$ 812

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 1,343	$ 1,219	$ 3,570	$ 3,204
Operation and maintenance	433	402	1,234	1,109
Depreciation and amortization	224	196	654	569
General taxes	82	79	244	232
Other	1	—	1	(1)
Other (expense) income	(108)	(84)	(309)	(247)
Provision for income taxes	112	102	256	233
Net income attributable to common shareholders	$ 383	$ 356	$ 872	$ 815

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Water services:				
Residential	$ 739	$ 679	$ 1,936	$ 1,763
Commercial	287	255	742	659
Fire service	46	41	139	123
Industrial	55	50	146	138
Public and other	85	81	240	212
Total water services	1,212	1,106	3,203	2,895
Wastewater services:				
Residential	75	62	214	181
Commercial	25	20	64	52
Industrial	7	4	17	9
Public and other	10	11	30	28
Total wastewater services	117	97	325	270
Other (a)	14	16	42	39
Total operating revenues	$ 1,343	$ 1,219	$ 3,570	$ 3,204

(a) Includes other operating revenues consisting primarily of miscellaneous utility charges, fees and rents.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Gallons in millions)	**2025**	**2024**	**2025**	**2024**
Billed water services volumes:				
Residential	49,847	51,137	121,961	123,752
Commercial	24,391	24,389	60,654	60,971
Industrial	10,443	10,261	27,757	28,308
Fire service, public and other	16,397	16,263	41,432	41,077
Total billed water services volumes	101,078	102,050	251,804	254,108

For the three and nine months ended September 30, 2025, operating revenues increased $124 million and $366 million, respectively, primarily due to increases of $103 million and $316 million, respectively, from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states. In addition, operating revenues increased $12 million and $37 million for the three and nine months ended September 30, 2025, respectively, from water and wastewater acquisitions, as well as organic growth in existing systems. Operating revenues were also higher for the three and nine months ended September 30, 2025, in the Company's California subsidiary, due to a change to its revenue stability mechanism from full to partial revenue recovery, resulting from the general rate case decision approved by the CPUC in December 2024. These increases were partially offset by an estimated $3 million and $20 million net decrease for the three and nine months ended September 30, 2025, respectively, due to unfavorable weather impacts in 2025 as compared to 2024.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Employee-related costs	$ 142	$ 134	$ 431	$ 405
Production costs	142	133	365	344
Operating supplies and services	77	72	233	196
Maintenance materials and supplies	26	25	81	66
Customer billing and accounting	27	20	69	48
Other	19	18	55	50
Total operation and maintenance expense	$ 433	$ 402	$ 1,234	$ 1,109

For the three and nine months ended September 30, 2025, operation and maintenance expense increased $31 million and $125 million, respectively, due to increases from employee-related costs, increased operating supplies and services costs primarily from higher technology related costs, increased production costs primarily from higher purchased water cost and power and fuel costs, customer billing and accounting from an increase in customer uncollectible expense and increases in other maintenance costs.

Depreciation and Amortization

For the three and nine months ended September 30, 2025, depreciation and amortization increased $28 million and $85 million, respectively, primarily due to additional utility plant placed in service from capital infrastructure investments and higher depreciation rates from recent rate case orders.

General Taxes

For the three and nine months ended September 30, 2025, general taxes increased $3 million and $12 million, respectively, primarily due to incremental property taxes, higher capital stock taxes and New Jersey Gross Receipts Tax.

Other Expenses

For the three and nine months ended September 30, 2025, other expenses increased $24 million and $62 million, respectively, primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three and nine months ended September 30, 2025, the Regulated Businesses' provision for income taxes increased $10 million and $23 million, respectively. The Regulated Businesses' effective income tax rate was 22.6% and 22.3% for the three months ended September 30, 2025 and 2024, respectively, and 22.7% and 22.2% for the nine months ended September 30, 2025 and 2024, respectively. The increase was primarily due to the decrease in the amortization of EADIT pursuant to regulatory orders.

Other

Presented in the table below is information for Other:

(In millions)	For the Three Months Ended September 30, 2025	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2025	For the Nine Months Ended September 30, 2024
Operating revenues	$ 108	$ 104	$ 299	$ 279
Operation and maintenance	90	94	237	230
Depreciation and amortization	2	4	9	12
General taxes	5	5	16	14
Interest expense	(36)	(25)	(101)	(81)
Interest income	22	16	64	57
Other income	2	3	12	9
Provision for income taxes	3	1	11	11
Net (loss) income attributable to common shareholders	$ (4)	$ (6)	$ 1	$ (3)

Operating Revenues

For the three and nine months ended September 30, 2025, operating revenues increased $4 million and $20 million, respectively, primarily from an increase in capital projects in MSG and the Contract Services Group ("CSG").

Operation and Maintenance

For the three months ended September 30, 2025, operation and maintenance expense decreased $4 million, primarily due to reduced employee-related costs partially offset by increased costs associated with MSG and CSG projects.

For the nine months ended September 30, 2025, operation and maintenance expense increased $7 million, primarily due to increased costs associated with MSG and CSG projects partially offset by reduced employee-related costs.

Interest expense

For the three and nine months ended September 30, 2025, interest expense increased $11 million and $20 million, respectively, due to higher average commercial paper borrowings.

Legislative Updates

During 2025, the Company's regulatory jurisdictions enacted the following legislation that has been approved and is effective as of October 29, 2025:

- California passed Senate Bill 219, which amends the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, to allow the California Air Resources Board until July 1, 2025, to issue implementing regulations, including reporting requirements for Scope 3 emissions. Legislation was signed by the Governor on September 27, 2024, and became effective January 1, 2025.
- Virginia passed Senate Bill 850, which would permit a water or wastewater utility to petition the VSCC for the approval of an eligible infrastructure replacement and enhancement plan and accompanying recovery mechanism that allows for recovery of eligible infrastructure costs outside of a base rate case. Legislation was signed by the Governor on March 24, 2025, and became effective on July 1, 2025.
- Indiana passed Senate Bill 426, which changes the timing of recovery to allow for deferred depreciation from in-service date and post in-service carrying costs and authorizes the IURC to approve mechanisms to allow utilities to invest in and earn on acquired utility assets. The language also provides critical protections from lawsuits when utilities are meeting applicable water quality standards. Legislation was signed by the Governor on April 3, 2025, and became effective on July 1, 2025.
- Missouri passed Senate Bill 4, which provides that beginning July 1, 2026, water, sewer, and gas utilities may request the use of a future test year in a general rate case. This statute provides that at the end of the future test year, utilities must reconcile rate base and certain expenses, including annualized depreciation expense, income tax expense, payroll expense, employee benefits except for pensions and other post-retirement benefits, and rate case expenses, within 45 days to the MoPSC. Legislation was signed by the Governor on April 9, 2025, and became effective on August 28, 2025.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Part II, Item 1—Legal Proceedings—Proposed Acquisition of Monterey System Assets — Potential Condemnation and Note 11—Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB") was signed into law. The OBBB includes several corporate tax-related provisions. Key changes include the permanent extension of certain provisions from the Tax Cuts and Jobs Act of 2017, such as 100% bonus depreciation and Section 163(j) interest limitation exception for regulated utilities, as well as the immediate expensing of domestic research and development costs, and the introduction of a new charitable contribution floor for corporations. The OBBB has not had a material impact on the Company's Consolidated Financial Statements. The Company will continue to monitor the implementation and any related guidance.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the revolving credit facility of American Water Capital Corp., the Company's wholly owned finance subsidiary.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS. The remaining proceeds from the sale of HOS include receipt of payments under a secured seller promissory note, plus interest, see Note 5—Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of September 30, 2025, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements will be classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On August 8, 2025, AWCC completed the sale of $900 million aggregate principal amount of its 5.700% Senior Notes due 2055. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $887 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

On February 27, 2025, AWCC completed the sale of $800 million aggregate principal amount of its 5.250% Senior Notes due 2035. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $792 million. AWCC used the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay at maturity AWCC's 3.400% Senior Notes due 2025; (iii) to repay commercial paper obligations of AWCC; and (iv) for general corporate purposes.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Notes"). The Notes will mature on June 15, 2026, unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitments, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of September 30, 2025		
(In millions)	**Commercial Paper Limit**	**Letters of Credit**	**Total (a)**
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,005)	(84)	(1,089)
Remaining availability as of September 30, 2025	$ 1,595	$ 66	$ 1,661

(a) Total remaining availability of $1.7 billion as of September 30, 2025, was accessible through revolver draws.

(In millions)	As of December 31, 2024 Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(880)	(82)	(962)
Remaining availability as of December 31, 2024	$ 1,720	$ 68	$ 1,788

(a) Total remaining availability of $1.8 billion as of December 31, 2024, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of September 30, 2025	$ 166	$ 1,661	$ 1,827
Available liquidity as of December 31, 2024	$ 96	$ 1,788	$ 1,884

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.26% and 4.65% at September 30, 2025, and December 31, 2024, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of September 30, 2025, the Company had two treasury lock agreements, with a term of 10 years and 30 years and an aggregate notional amount totaling $100 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in June 2026 and September 2026 and have an average fixed interest rate of 4.55%. The Company designated these treasury lock agreements as cash flow hedges, measured at fair value with the gain or loss recorded in accumulated other comprehensive income.

In May 2025 and August 2025, the Company terminated two and nine treasury lock agreements, respectively, designated as cash flow hedges, with a term of 30 years and an aggregate notional amount totaling $100 million and $350 million, respectively, realizing a pre-tax net gain of $12 million and $1 million, respectively, recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 30-year period, in accordance with the tenor of the notes issued on August 8, 2025.

In February 2025, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $500 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on February 27, 2025.

No ineffectiveness was recognized on hedging instruments for the three and nine months ended September 30, 2025 or 2024.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**
Net income	$ 873	$ 812
Add (less):		
Depreciation and amortization	663	581
Deferred income taxes and amortization of investment tax credits	104	84
Other non-cash activities (a)	31	28
Changes in assets and liabilities (b)	(242)	(66)
Pension contributions	(33)	(33)
Net cash provided by operating activities	$ 1,396	$ 1,406

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the nine months ended September 30, 2025, cash flows provided by operating activities decreased $10 million, primarily due to the CAMT liability included in the Company's 2024 extension payment in the second quarter of 2025, utilization of income tax receivables in the prior year and higher customer receivables and unbilled revenues in the current period. The decrease was partially offset by an increase in net income and depreciation.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Nine Months Ended September 30,	
(In millions)	**2025**	**2024**
Capital expenditures	$ (2,078)	$ (1,962)
Acquisitions, net of cash acquired	(22)	(119)
Removal costs from property, plant and equipment retirements, net	(120)	(112)
Purchases of available-for-sale fixed-income securities	(43)	(113)
Proceeds from sales and maturities of available-for-sale fixed-income securities	84	147
Net cash used in investing activities	$ (2,179)	$ (2,159)

For the nine months ended September 30, 2025, cash flows used in investing activities increased $20 million, primarily due to increased payments for capital expenditures partially offset by decreased payments for acquisitions in the current period. The Company currently plans to invest approximately $3.2 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2025.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Nine Months Ended September 30, 2025	2024
Proceeds from long-term debt, net of discount	$ 1,776	$ 1,416
Repayments of long-term debt	(623)	(474)
Net short-term borrowings with original maturities less than three months	126	35
Debt issuance costs	(17)	(13)
Dividends paid	(472)	(436)
Other financing activities, net (a)	62	38
Net cash provided by financing activities	$ 852	$ 566

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the nine months ended September 30, 2025, cash flows provided by financing activities increased $286 million, primarily due to higher issuances of long-term debt and higher short-term commercial paper borrowings, partially offset by higher repayments of long-term debt and dividend payments.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On September 30, 2025, the Company's ratio was 0.58 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of October 29, 2025, as issued by Moody's Ratings on January 23, 2025, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2025.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2025, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings, and in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2025 in Part II, Item 1—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K and Form 10-Q. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

CPUC Final Approval of Water Supply Project

On May 9, 2025, the CPUC issued a proposed decision in the Phase 2 that is focusing on updated supply and demand estimates for the Water Supply Project, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City, MCWD and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

Coastal Development Permit Application

On May 12, 2025, the court entered its final decision denying the joint petition for writ of mandate by the City, MCWD and the MPWMD in full. On July 24, 2025, a notice of appeal was filed in this matter.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

MPWMD Condemnation Action

On August 20, 2025, Cal Am filed a motion for summary judgment as to the MPWMD's condemnation action, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with its condemnation action. Both motions are scheduled for court hearing on December 12, 2025.

Dunbar, West Virginia Class Action Litigation Settlement

On September 11, 2025, the Circuit Court held its final fairness hearing and issued an order on September 12, 2025, granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, and the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is expected to be $5 million, with the remainder being contributed by certain of the Company's general liability insurance carriers. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process, and WVAWC has paid approximately $2 million as of September 30, 2025. The deadline for claims submissions was August 25, 2025, and the settlement administrator is evaluating claim submissions to identify compensable claims. The Company intends to fund its and WVAWC's contributions to the Dunbar Settlement through existing sources of liquidity.

Mountaineer Gas Company Main Break

The West Virginia Business Court has set a new trial date of August 10, 2026, for trial in *Mountaineer Gas Company v. West Virginia-American Water Company*.

PFAS Multi-District Litigation

As of September 30, 2025, the Company has received settlement payments from defendant 3M Company totaling $135 million, net of legal fees and administrative costs. The Company intends to seek regulatory approval from its respective PUCs to apply the net proceeds for the benefit of customers, where permissible. As of September 30, 2025, these funds are being held in a law firm escrow account and are awaiting distribution to the Company's utility subsidiaries that are parties to the MDL after receiving approval from the applicable PUCs. The Company anticipates that, during the remainder of 2025, it may receive one or more additional settlement payments from the defendants named above.

The Company has also become aware of a number of substantially similar personal injury short-form complaints that have been filed in the MDL naming, in addition to various other water providers and manufacturers, certain Company utility subsidiaries as defendants. In October 2025, all MDL personal injury complaints that the Company had been made aware of were dismissed by the plaintiffs without prejudice.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. Other than as set forth below, there have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

Risks Related to the Proposed Merger with Essential

The market price of shares of our or Essential's common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, and as a result, the consideration at the date of the closing of the proposed merger may vary significantly from the date the merger agreement was executed.

Upon completion of the proposed merger, each outstanding share of Essential common stock will be converted into the right to receive 0.305 shares of our common stock. The number of shares of our common stock to be issued pursuant to the merger agreement for each share of Essential common stock will not change to reflect changes in the market price of our or Essential's common stock. The market price of our common stock at the time of completion of the proposed merger may vary significantly from the price of our common stock on the date the merger agreement was executed and/or the date or dates of special shareholder meetings to be held in connection with the proposed merger. Because we may not complete the proposed merger until a significant period of time has passed after these dates, the market value of our common stock issued in connection with the proposed merger and the Essential common stock surrendered in connection with the proposed merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from market assessment of the likelihood that the proposed merger will be completed, changes in our or Essential's business, operations or prospects prior to or following the proposed merger, litigation or regulatory considerations, reactions from the financial markets or analysts, general business, market, industry or economic conditions and other factors both within and beyond our and Essential's control, including the risks, uncertainties and other factors described in Item 1A—Risk Factors, included in our Form 10-K, and in our other SEC filings, and those described in Essential's SEC filings. Neither we nor Essential may terminate the merger agreement solely because of changes in the market price of either company's common stock.

The proposed merger is subject to various closing conditions, including the receipt of consents and approvals from various governmental and regulatory entities and third parties, and a failure to obtain all such consents or approvals or to satisfy such other closing conditions could prevent or delay the completion of the proposed merger or impose conditions that could have a material adverse effect on us or the combined company.

We anticipate that, subject to the receipt of all required regulatory and other consents and approvals and the satisfaction or waiver of all other closing conditions, the proposed merger will be completed in the first quarter of 2027. Among other closing conditions, completion of the proposed merger is conditioned upon the receipt of such required consents, orders and approvals from various governmental and regulatory entities and other third parties, including PUCs in certain states in which either or both companies operate, including without limitation the Pennsylvania Public Utility Commission. The proposed merger is also subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the proposed merger is a condition to closing the proposed merger. Approvals by shareholders of each of parent company and Essential will also be required to complete the proposed merger.

We and Essential cannot provide any assurance that all of the required consents, orders and approvals will be obtained or that these consents, orders or approvals will not be conditioned on terms, conditions or restrictions that would be detrimental to the combined company after the completion of the proposed merger, including requiring one or both companies to dispose of certain assets. One or both company's shareholders may not approve the proposed merger. The merger agreement allows, subject to certain conditions, limitations and exclusions, each party to terminate the merger agreement (and generally without the payment of a termination fee to the non-terminating party) if the final terms of any of the required regulatory consents, orders or approvals would result in or require an undertaking of efforts or the taking of action that would reasonably be expected to have, individually or in the aggregate, a "burdensome effect" (as defined in the merger agreement). Any substantial delay in obtaining satisfactory consents, orders or approvals, or the imposition of any requirements, terms or conditions in connection with a party's obtaining such consents, orders or approvals, could be on terms that we or Essential do not believe to be reasonable or could cause a material reduction in the expected benefits of the proposed merger and/or an impairment or deterioration in our or Essential's relationships with their respective applicable PUCs. If any such delays or conditions are significant enough, one or both parties may decide to abandon the proposed merger and terminate the merger agreement, subject to its terms. If the proposed merger is not completed, our ongoing businesses may be adversely affected, including, as follows:

- having to pay certain significant costs relating to the proposed merger without receiving the benefits of the proposed merger, including, in certain circumstances, a payment by us to Essential of a termination fee of $835 million in the case of a termination fee payable by us to Essential;
- diversion of management's attention from day-to-day operations;
- not pursuing other strategic transactions that we may have otherwise considered had we not entered into the merger agreement with Essential;
- we will have been subject to certain restrictions on the conduct of our ongoing businesses, which may have prevent us from making certain acquisitions or dispositions or pursuing certain business opportunities while the proposed merger was pending; and
- the price of our common stock may decline to reflect assumptions by the market as to whether the proposed merger will be completed.

The proposed merger may cause suppliers, strategic partners, certain customers or others to delay or defer decisions regarding our business, and may adversely affect our ability to effectively manage our business.

The proposed merger will happen only if stated conditions are satisfied, including the receipt of the requisite shareholder approvals and the receipt of regulatory approvals, among other conditions. Many of the conditions are outside the parties' control, and both parties also have certain rights to terminate the merger agreement. Accordingly, there may be uncertainty regarding the completion of the proposed merger. This uncertainty, or any disagreement with the decision to enter into the merger agreement, may cause our suppliers, vendors, strategic partners, certain customers or others that deal with us to delay or defer entering into contracts or make other decisions concerning us, or to seek to change or cancel existing business relationships. Any delay or deferral of those decisions or changes in existing agreements or relationships could have a material adverse effect on us and our financial condition and results of operations.

The merger agreement contains provisions that limit our and Essential's ability to pursue certain alternatives to the proposed merger, which could discourage a potential acquirer of either Essential or us from making an alternative transaction proposal and, in certain circumstances, could require us or Essential to pay to the other party a significant termination fee.

Under the merger agreement, we and Essential are each restricted, subject to limited exceptions, from entering into certain alternative transactions in lieu of the proposed merger. In general, unless and until the merger agreement is terminated, we and Essential are restricted from, among other things, soliciting, initiating, knowingly encouraging or knowingly facilitating the making of a proposal that is or would reasonably be expected to lead to a competing acquisition proposal from any person. Each of our and Essential's board of directors is limited in its ability to change its recommendation with respect to the proposed merger and related proposals. We and/or Essential may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of us or Essential from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the proposed merger, or the competing transaction might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the merger agreement, in the event the merger agreement is terminated to accept a superior proposal, or under certain other circumstances, we would be required to pay a termination fee of $835 million to Essential in the case of a termination of the merger agreement by us, and Essential would be required to pay a termination fee of $370 million to us in the case of a termination of the merger agreement by Essential.

We may be the target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the proposed merger from being completed.

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into a merger agreement. Even if these lawsuits are without merit, defending against these claims can result in substantial costs to the parties to the merger agreement and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting the completion of a merger, that injunction may delay or prevent such merger from being completed.

If completed, the proposed merger may not achieve its anticipated results, and we may be unable to integrate Essential's operations and/or operate the combined company in the manner expected.

We and Essential entered into the merger agreement with the expectation that the proposed merger will result in various benefits, including, among other things, increased efficiencies of scale and size, increased geographic diversity, greater long-term growth opportunities for employees of the combined company, and other operating efficiencies. Achieving the anticipated benefits of the proposed merger is subject to a number of uncertainties, including whether our and Essential's businesses can be integrated in an efficient, effective and timely manner.

We could have difficulty integrating the acquired assets, personnel and operations with our own. We anticipate that the integration of the two companies may ultimately be complex, and we expect to devote significant time and resources to this integration process. Risks and uncertainties that could impact us negatively include:

- unforeseen or significant difficulties in integrating the two companies and their assets, operations, cultures and employees;
- the potential disruption of the ongoing businesses and distraction of our and Essential's management;
- changes in our business focus and/or management;
- risks related to owning, operating, maintaining and successfully managing Essential's natural gas distribution business, including any increased risks and liabilities associated with the operation of that business;
- difficulties in establishing and/or maintaining uniform standards, systems, controls, procedures and policies, including accounting and financial reporting, across both of the integrated companies, or merging or linking disparate ones;
- the potential impairment of relationships with employees and partners as a result of any integration of new management personnel;
- the potential inability to manage an increased number of locations and employees; and
- the effect of any government regulations which relate to Essential's business, including with respect to jurisdictions in which our Regulated Businesses currently do not operate.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the proposed merger as and when expected. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies, and the various management and corporate governance constructs provided for in the merger agreement to govern the combined company, including with respect to the board of directors of the combined company, may not operate successfully as intended or desired. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and otherwise adversely affect the combined company's future business, financial condition, operating results and prospects.

The proposed merger may not be accretive to our earnings and may adversely affect our earnings per share, which may negatively affect the market price of our common stock.

We currently anticipate that the proposed merger will be accretive to our earnings per share in 2028, the first full year following the completion of the proposed merger. This expectation is based on preliminary estimates that are subject to change. We also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the proposed merger or be subject to other factors that affect our preliminary estimates. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the proposed merger and contribute to a decrease in the market price of our common stock.

The combined company's financial condition, results of operations and cash flows could be adversely affected by unknown or unexpected events, conditions or actions that occur prior to the closing of the proposed merger.

The combined company's assets, liabilities, business, financial condition, cash flows, and operating results, as well as its business strategies and prospects, could be adversely affected before or after the closing of the proposed merger as a result of previously unknown events or conditions occurring or existing before closing. Adverse changes in our or Essential's business or operations could occur or arise as a result of actions by us or Essential, or as a result of legal or regulatory developments (including, without limitation, the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions), and other factors both within and beyond the control of us or Essential. A significant decline in the value of Essential's assets that we would acquire in the proposed merger or a significant increase in Essential's liabilities to be assumed could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

If the proposed merger is completed, we may be required to record goodwill or we may acquire other assets measured and recorded at fair value, and, thereafter, we may be required to record impairments to the goodwill or changes to the fair value of the other assets, either of which may negatively affect our financial condition and results of operations.

In accordance with applicable accounting standards in the United States related to business combinations, we believe that the proposed merger will be accounted for as an acquisition of Essential's common stock by us and will follow the acquisition method of accounting for business combinations, including with respect to goodwill. Goodwill represents the excess of the purchase price paid over the fair value of the net tangible and other intangible assets acquired. Goodwill is recorded at fair value on the date of an acquisition and is reviewed annually or more frequently if changes in circumstances indicate the carrying value may not be recoverable. We may be required to recognize in the future an impairment of goodwill or a change in fair value of financial instruments or certain other assets due to, for example, market conditions, other factors related to our performance or the performance of Essential's business, or other circumstances that may impact the fair value of a financial instrument or the other asset. See Note 18—Fair Value of Financial Information in the Notes to the Consolidated Financial Statements included in the Form 10-K for information on the fair value of financial and other assets. Market conditions could include a decline over a period of time of our stock price, a decline over a period of time in valuation multiples of comparable water and wastewater utilities, market price performance of our common stock that compares unfavorably to our peer companies, or other circumstances. Recognition of impairments of goodwill and any changes in fair value of other assets would result in a charge to our income in the period in which the impairment or change occurred, which may negatively affect our financial condition, results of operations and total capitalization. The effects of any such impairment or change could be material and could make it more difficult to maintain our credit ratings, secure financing on attractive terms, maintain compliance with debt covenants and meet the expectations of our regulators.

We cannot assure that we will be able to continue paying quarterly dividends at the current rate, or to propose and/or maintain future quarterly dividend increases as planned.

Our shareholders have no contractual or other legal right to dividends that have not been declared. We currently expect that we will continue to pay dividends in an amount consistent with our dividend strategy and policy in effect prior to the announcement of the proposed merger, and that we will continue to propose future increases in our quarterly dividend rate consistent with our announced dividend growth strategy. However, there is no assurance that our shareholders will continue to receive payments of such dividends while the proposed merger is pending or following completion of the proposed merger, for a number of reasons that include, for example:

- a lack of cash to pay such dividends, due to changes in our cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- our Board of Directors may decide not to declare and pay quarterly dividends in accordance with historical practice or our stated dividend strategy, or at all;
- the amount of quarterly dividends that we may pay to shareholders is subject to restriction under Delaware law and compliance with our stated dividend payment policy and strategy; and
- we may fail to receive upstream dividend payments from our subsidiaries in the same amount that we have historically, and the ability of our subsidiaries to do so is subject to various risks and uncertainties described in Item 1A—Risk Factors, and in Note 9—Shareholders' Equity—Dividends and Distributions in the Notes to Consolidated Financial Statements, each in the Form 10-K.

The companies may incur substantial and/or unexpected transaction fees and merger-related costs in connection with the proposed merger.

We and Essential expect to incur substantial non-recurring expenses associated with completing the proposed merger, as well as expenses related to combining the operations of the two companies. The combined company may incur additional unanticipated costs in the integration of the companies' businesses. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset some or all of the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Current shareholders of each company will have reduced ownership and voting interests in their respective companies after the proposed merger.

Subject to approval by parent company's shareholders, parent company has reserved for issuance shares of its common stock to be issued in the proposed merger (including shares of our common stock issuable pursuant to the proposed treatment of Essential stock options and other equity-based awards in the proposed merger). It is estimated that our current shareholders and Essential's shareholders would own approximately 69% and 31% of the outstanding shares of our common stock, respectively, on a fully diluted basis immediately following the consummation of the proposed merger.

Our and Essential's shareholders currently have the right to vote for their respective directors and on other matters affecting their company. If the proposed merger occurs, each Essential shareholder who receives shares of parent company common stock will become a shareholder of parent company with a percentage ownership of the combined company that will be smaller than the shareholder's percentage ownership of Essential. Correspondingly, upon the completion of the proposed merger, each holder of parent company common stock will remain a shareholder of parent company but with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of ownership immediately prior to the proposed merger. As a result of these reduced ownership percentages, parent company's shareholders will have less voting power in the combined company than they now have with respect to parent company, and former Essential shareholders will have less voting power in the combined company than they now have with respect to Essential.

Settlement provisions contained in our forward sale agreements subject us to risks if certain events occur, which could have an effect on our results of operations and liquidity, and could cause the price of our common stock to decline.

In August 2025, we entered into forward sale agreements with each of Wells Fargo National Bank, National Association, JPMorgan Chase Bank, National Association, and Mizuho Markets Americas LLC, each as forward purchasers, relating to an aggregate of 8,098,592 shares of our common stock. Each forward purchaser will have the right to accelerate the forward sale agreement to which it is a party and require us to physically settle such forward sale agreement on a date specified by such forward purchaser if:

- in the good faith, commercially reasonable judgment of such forward purchaser, it or its affiliate is unable to borrow a number of shares of our common stock equal to the number of shares to be delivered by us upon physical settlement of such forward sale agreement or it or its affiliate is unable to borrow such number of shares at a rate equal to or less than an agreed maximum stock loan rate;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than an extraordinary dividend), (ii) securities of another company, or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment (cash or other consideration) at less than the prevailing market price, as reasonably determined by such forward purchaser;
- certain ownership thresholds applicable to such forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreements), as well as certain events such as a delisting of our common stock (each as more fully described in the forward sale agreements); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made by us in connection with our entry into a forward sale agreement, our bankruptcy (except as described below) or certain changes in law (each as more fully described in the forward sale agreements).

A forward purchaser's decision to exercise its right to accelerate a forward sale agreement to which it is a party (or, in certain cases, the portion thereof that it determines is affected by the relevant event) will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the physical settlement provisions of that particular forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. In addition, upon certain events of bankruptcy or insolvency related to us, each forward sale agreement will automatically terminate without further liability of either party. Following any such termination, we would not issue any shares of our common stock or receive any proceeds pursuant to the forward sale agreements.

Each forward sale agreement provides for settlement on a settlement date or dates to be specified at our discretion on or prior to December 31, 2026. Each forward sale agreement will be physically settled by delivery of shares of our common stock, unless we elect to cash settle or net share settle such forward sale agreement. Upon physical settlement or, if we so elect, net share settlement of a particular forward sale agreement, delivery of shares of our common stock in connection with such physical settlement or (to the extent we are obligated to deliver shares of our common stock) net share settlement will result in dilution to our earnings per share and return on equity, and may adversely affect the market price of our common stock. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of our common stock underlying a particular forward sale agreement, we expect that the relevant forward purchaser (or an affiliate thereof) will purchase a number of shares of our common stock necessary to satisfy its or its affiliate's obligation to return the shares of our common stock borrowed from third parties in connection with the related sales of shares of our common stock under that forward sale agreement and, upon net share settlement, its obligation to deliver shares to us, if applicable. If the market value of shares of our common stock during the relevant valuation period under the particular forward sale agreement is above the applicable forward sale price, in the case of cash settlement, we would be obligated to pay the relevant forward purchaser under that particular forward sale agreement an amount in cash equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to cash settlement or, in the case of net share settlement, we would be obligated to deliver to the relevant forward purchaser a number of shares of our common stock having a value equal to the difference multiplied by the number of shares of our common stock underlying that particular forward sale agreement subject to net share settlement. Thus, we could be responsible for a potentially substantial cash payment or share delivery obligation.

In addition, the purchase of shares of our common stock in connection with the relevant forward purchaser or its affiliate unwinding its hedge positions could cause the market price of our common stock to increase over such time (or prevent a decrease over such time), thereby increasing the amount of cash we would owe to the relevant forward purchaser (or decreasing the amount of cash that the relevant forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of our common stock we would be obligated to deliver to the relevant forward purchaser (or decreasing the number of shares of our common stock that the relevant forward purchaser would be obligated to deliver to us) upon net share settlement of the relevant forward sale agreement. We will not be able to control the manner in which the forward purchasers unwind their hedge positions.

The forward sale price that we expect to receive upon physical settlement of the forward sale agreements is subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding rate less a spread and will be decreased based on amounts related to expected dividends on shares of our common stock during the term of such forward sale agreement. If the overnight bank funding rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price for such day.

In certain bankruptcy or insolvency events, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the forward sales of our common stock.

If we institute or consent to, or an appropriate regulatory or other authority institutes against us, a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or if we or such authority presents a petition for our winding up or liquidation or we consent to such a petition, each forward sale agreement will automatically terminate. If a forward sale agreement so terminates, we would not be obligated to deliver to the relevant forward purchaser any shares of our common stock not previously delivered (or for which physical settlement has not been elected), and the relevant forward purchaser would be discharged from its obligation to pay the forward sale price per share in respect of any shares of our common stock not previously settled (or for which physical settlement has not been elected). Therefore, to the extent there are any shares of our common stock with respect to which we have not elected to physically settle under a forward sale agreement at the time of the institution of or consent to any such bankruptcy or insolvency proceedings or any such petition, we would not receive the forward sale price per share in respect of those shares of our common stock.

Our shareholders may experience dilution as a result of the issuance of shares upon physical or net share settlement of the forward sale agreements, which may impact our earnings per share and the book value and fair value of our common stock.

Our issuance of common stock pursuant to a forward sale agreement upon physical settlement or net share settlement thereof will have a dilutive effect on our earnings per share. Any additional future issuances of our common stock will reduce the percentage of our common stock owned by investors who do not participate in future issuances. Shareholders will not be entitled to vote on our issuance of additional common stock. In addition, our shareholders may experience dilution in both the book value and fair value of their shares.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuance of Shares in Connection with Acquisition of Appalachian Utilities, Inc.

Effective October 27, 2025, parent company issued 25,159 shares of its common stock (the "Shares") as consideration for the merger (the "Appalachian Merger") of a wholly owned subsidiary of parent company with and into Appalachian Utilities, Inc. ("Appalachian"), with Appalachian being the surviving entity immediately following such merger, in a transaction not involving a public offering of securities in reliance upon Section 4(a)(2) of the Securities Act. Promptly following the closing of the Appalachian Merger, Appalachian was merged with and into the Company's Pennsylvania subsidiary. The Shares were issued out of parent company's existing shares of treasury stock, with restrictive legends thereupon, to or for the benefit of a limited number of persons (less than five) who, immediately prior to the closing of the Appalachian Merger, were reasonably believed to be accredited investors and had owned all of the shares of common stock of Appalachian.

Anti-dilutive Stock Repurchase Program

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended September 30, 2025. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through September 30, 2025, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2025, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
2.3#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).

Exhibit Number	Exhibit Description
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated February 27, 2025, establishing the 5.250% Senior Notes due 2035 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 27, 2025).
4.3	Officers' Certificate of American Water Capital Corp., dated August 8, 2025, establishing the 5.700% Senior Notes due 2055 (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
10.3	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.4	Forward Sale Agreement, dated August 4, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.5	Forward Sale Agreement, dated August 4, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 6, 2025).
10.6	Forward Sale Agreement, dated August 7, 2025, by and between American Water and Wells Fargo Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.7	Forward Sale Agreement, dated August 7, 2025, by and between American Water and JPMorgan Chase Bank, National Association, in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
10.8	Forward Sale Agreement, dated August 7, 2025, by and between American Water and Mizuho Markets Americas LLC (with Mizuho Securities USA LLC, acting as agent), in its capacity as a Forward Purchaser (incorporated by reference to Exhibit 10.3 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed August 8, 2025).
*10.9	Offer Letter for Employment, dated September 30, 2025, between American Water Works Company, Inc. and Lori Sutton.
*22.1	Guaranteed Securities.
*31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.

Exhibit Number	Exhibit Description
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Purchase and Sale Agreement filed as Exhibit 2.2, the Agreement and Plan of Merger filed as Exhibit 2.3, and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 29th day of October, 2025.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

AMERICAN WATER

Exhibit 10.9

September 30, 2025

Ms. Lori Sutton
[REDACTED]
[REDACTED]

Dear Lori:

On behalf of American Water Works Service Company, Inc., I am pleased to confirm your new position of Executive Vice President, Chief Human Resources Officer reporting to John Griffith, President and CEO, at our Evansville, Indiana office. The effective date of your new position is October 1, 2025. We are confident that you will find your new position to be personally rewarding and one in which you can make significant contributions to the company. ***The compensation described in this offer letter is subject to the approval of the Executive Development & Compensation Committee (ED&CC) and will not be effective until the ED&CC approves such compensation.***

Base Salary: Your new annual salary will be approximately $450,000.00, which will be paid on a bi-weekly basis in accordance with American Water's standard payroll practices and will be effective October 1, 2025. Your job performance will be reviewed annually as part of our performance management process, and you may be eligible for a merit increase in 2026.

APP: You will remain eligible to participate in the American Water Annual Performance Plan. Your target award eligibility will increase from 50% to 60% of your annual base salary for the 2025 cycle. For reference purposes, the 2025 cycle covers the period beginning on 01/01/2025 through 12/31/2025 and target awards are prorated based on your effective date. Awards from the Annual Performance Plan are based on several company performance objectives, and payments may be higher or lower than target.

LTPP: You remain eligible to participate in the 2025 American Water Long Term Performance Plan (LTPP), and your target opportunity under this plan will increase from 90% to 120% of your base salary. Effective October 1, 2025, you will receive a set of grants that reflect the prorated difference between your previous 2025 grants and your new LTPP target value based on your new base salary and new LTPP target percentage. For reference purposes, awards are currently granted under the terms and conditions of the Company's 2017 Omnibus Equity Compensation Plan (the Plan), in the form of restricted stock units and performance stock units. In the event of any conflict between your offer letter and the terms of the award grant documents and the Plan, the terms of the award documents and the Plan will govern.

Benefits: Your current benefits will remain unchanged and in effect, including your vacation accrual. This change in your position is not an IRS Qualified Life Event allowing you to change your American Water benefit elections. Please take this opportunity to review your health and welfare benefits and 401(k) elections to see how this transition impacts your coverage (e.g., company paid life insurance amount, HSA election, 401(k) paycheck election, beneficiary designations, etc.). In addition, American Water believes your health is of critical importance for your family, our customers, shareholders, and the employees you lead. To help you take the best possible care of your health, we also have a company-sponsored Executive Health Program for our key leaders. The program focuses on your physical well-being and long-term health and consists of a thorough risk-factor analysis, advanced diagnostic screenings, extensive laboratory testing, and ongoing coaching and support.

Non-Qualified Plan: You will continue to be eligible to participate in our Non-Qualified Deferred Compensation Plan subject to plan rules and annual enrollment.

Executive Severance Policy and Change of Control Severance Policy: You will remain an eligible participant under the Executive Severance Policy and Change of Control Severance Policy.

Executive Stock Ownership Guidelines and Executive Stock Retention Requirements: You will continue to be subject to the stock ownership guidelines and stock retention requirements.

AMERICAN WATER

As you are a Section 16 officer of the Company, American Water may be required to disclose your compensation and/or this offer letter in future SEC filings. Your signature below indicates your acceptance of our offer and your acknowledgment of this requirement of your position.

We wish you the best of luck in your new role and future opportunities with American Water!

Sincerely,

/s/ JOHN GRIFFITH

John Griffith
President and CEO
American Water

I, Lori Sutton, understand that my employment with American Water is "at will," which means that I am not guaranteed employment or any particular job for any specified period of time. The Company or I may terminate my employment at any time, for any or no reason, with or without cause.

/s/ LORI SUTTON _____ 10/08/2025
Signature Date

 Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

5.700% Senior Notes due 2055

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2025

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
October 29, 2025

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER

David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

October 29, 2025

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-34028

AMERICAN WATER WORKS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**51-0063696**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 Water Street, Camden, NJ 08102-1658
(Address of principal executive offices) (Zip Code)

(856) 955-4001
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	**AWK**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of April 20, 2026
Common Stock, par value $0.01 per share	**195,280,521**

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* * *

Throughout this Quarterly Report on Form 10-Q ("Form 10-Q"), unless the context otherwise requires, references to the "Company" and "American Water" mean American Water Works Company, Inc. and all of its subsidiaries, taken together as a whole. References to the "parent company" mean American Water Works Company, Inc., without its subsidiaries.

The Company maintains a website at *https://amwater.com* and an Investor Relations website at *https://ir.amwater.com*. Information contained on the Company's websites shall not be deemed incorporated into, or to be a part of, this report, and any website references included herein are not intended to be made through active hyperlinks.

FORWARD-LOOKING STATEMENTS

Statements included in Part I, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and in other sections of this Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things: the Company's future financial performance, liquidity and cash flows; the timing and amount of rate and revenue adjustments, including through general rate case filings, filings for infrastructure surcharges and other governmental agency authorizations and proceedings, and filings to address regulatory lag; the Company's ability to execute its current and long-term business, operational, capital expenditures and growth plans and strategies; the timing and outcome of pending or future acquisition activity (including, without limitation, the merger agreement with Essential Utilities, Inc. ("Essential") and the proposed acquisition of systems owned indirectly by Nexus Water Group, Inc.), and the ability to achieve organic customer growth; the ability of the Company's California subsidiary to obtain adequate alternative water supplies in lieu of diversions from the Carmel River; the amount, allocation and timing of projected capital expenditures and related funding requirements; the Company's ability to repay or refinance debt; the future impacts of increased or increasing financing costs, inflation and interest rates; the Company's ability to finance current and projected operations, capital expenditure needs and growth initiatives by accessing the debt and equity capital markets and sources of short-term liquidity; the future settlement or settlements of the Forward Sale Agreements described herein, adjustments to the forward sale price thereunder, and the amount of and the intended use of net proceeds from any such future settlement or settlements; the outcome and impact on the Company of governmental and regulatory investigations, class action lawsuits, and other litigation and legal proceedings, and related potential fines, penalties and other sanctions; the ability to meet or exceed the Company's stated environmental and sustainability goals, including its greenhouse gas ("GHG") emission reduction, water delivery efficiency and water system resiliency goals; the ability to complete, and the timing and efficacy of, the design, development, implementation and improvement of technology and other strategic initiatives; the Company's ability to comply with new and changing environmental regulations; the ability to capitalize on existing or future utility privatization opportunities; trends in the water and wastewater industries in which the Company operates, including macro trends with respect to the Company's efforts and projects related to customer, technology and work efficiency and execution; regulatory, legislative, tax policy or legal developments; and impacts that future significant tax legislation, and the imposition, utilization or change in various economic tariffs (or any attempt or effort to do so), may have on the Company and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on the Company's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included herein as a result of the following important factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;
- the timeliness and outcome of regulatory commissions' and other authorities' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions and dispositions, taxes, permitting, water supply and management, and other decisions;
- changes in customer demand for, and patterns of use of, water and energy, such as may result from conservation efforts, or otherwise;
- limitations on the availability of the Company's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;
- a loss of one or more large industrial or commercial customers due to adverse economic conditions or other factors;
- present and future proposed changes in laws, governmental regulations and policies, including with respect to the environment (such as, for example, potential improvements or changes to existing Federal regulations with respect to lead and copper service lines and galvanized steel pipe), health and safety, data and consumer privacy, security and protection, water quality and water quality accountability, contaminants of emerging concern (including without limitation per- and polyfluoroalkyl substances (collectively, "PFAS")), public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections and changes in federal, state and local executive administrations;
- the Company's ability to collect, distribute, use, secure and store consumer data in compliance with current or future governmental laws, regulations and policies with respect to data and consumer privacy, security and protection;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, pandemics and epidemics, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms, sinkholes and solar flares;
- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;
- the risks associated with the Company's aging infrastructure, and its ability to appropriately improve the resiliency of or maintain, update, redesign and/or replace, current or future infrastructure and systems, including its technology and other assets, and manage the expansion of its businesses;
- exposure or infiltration of the Company's technology and critical infrastructure systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means, and impacts from required or voluntary public and other disclosures, as well as civil class action and other litigation or legal, regulatory or administrative proceedings, related thereto;
- the Company's ability to obtain permits and other approvals for projects and construction, update, redesign and/or replacement of various water and wastewater facilities;
- changes in the Company's capital requirements;
- the Company's ability to control operating expenses and to achieve operating efficiencies, and the Company's ability to create, maintain and promote initiatives and programs that support the affordability of the Company's regulated utility services;
- the intentional or unintentional actions of a third party, including contamination of the Company's water supplies or the water provided to its customers;
- the Company's ability to obtain and have delivered adequate and cost-effective supplies of pipe, equipment (including personal protective equipment), chemicals, power and other fuel, water and other raw materials, and to address or mitigate supply chain constraints that may result in delays or shortages in, as well as increased costs of, supplies, products and materials that are critical to or used in the Company's business operations;
- the Company's ability to successfully meet its operational growth projections, either individually or in the aggregate, and capitalize on growth opportunities, including, among other things, with respect to:
  - acquiring, closing and successfully integrating regulated operations, including without limitation the Company's ability to (i) obtain all required regulatory and other consents and approvals for such acquisitions, (ii) prevail in litigation or other challenges related to such acquisitions, and (iii) recover in rates the fair value of assets of the acquired regulated operations;
  - the Company's Military Services Group ("MSG") entering into new military installation contracts, price redeterminations, and other agreements and contracts, with the U.S. government; and
  - realizing anticipated benefits and synergies from new acquisitions;
- in addition to the foregoing, various risks and other uncertainties associated with the Company's merger agreement with Essential and the related proposed merger, including:
  - a fixed exchange ratio that will not adjust or account for fluctuations in the Company's or Essential's stock price;
  - limitations on the parties' ability to pursue alternatives to the proposed merger;
  - an event, change or other circumstance that could give rise to the termination of the merger agreement;
  - a delay in the timing to consummate the proposed merger;
  - each party's ability to obtain required governmental and regulatory approvals required for the proposed merger (and/or that such approvals may result in the imposition of burdensome or commercially undesirable conditions, including required dispositions, that could adversely affect the combined company or the expected benefits of the proposed merger);
  - financial impacts of the proposed merger on the Company and the combined company's earnings, earnings per share, financial condition, results of operations, cash flows and share price, and any related accounting impacts;
  - any impact of the proposed merger on the Company's and the combined company's ability to declare and pay quarterly dividends on its common stock;
  - the risk of litigation related to the proposed merger;
  - changes in the parties' key management and personnel;
  - the amount and nature of incurred transaction costs associated with the proposed merger; and
  - reduced ownership and voting interests for the Company's and Essential's shareholders upon completion of the proposed merger;
- in addition to the foregoing, various risks and other uncertainties associated with the agreement to acquire certain water and wastewater systems from a subsidiary of Nexus Water Group, Inc., including:

- the final amount of the rate base to be acquired, and the amount of post-closing adjustments to the purchase price, if any, as contemplated by the acquisition agreement;
- the various impacts and effects of (i) compliance, or attempted compliance, with the terms and conditions of the acquisition agreement, and/or (ii) the completion of, or actions taken by the Company to complete, the acquisition, on the Company's operations, strategy, guidance, expectations and plans with respect to its Regulated Businesses (considered individually or together as a whole), its current or future capital expenditures, its current and future debt and equity capital needs, dividends, earnings (including earnings per share), growth, future regulatory outcomes, expectations with respect to rate base growth, and other financial and operational goals, plans, estimates and projections; and
- any requirement by the Company to pay a termination fee in the event the closing does not occur;

- risks and uncertainties following the completion of the sale of the Company's Homeowner Services Group ("HOS"), including the ability of the Company to redeploy successfully and timely the net proceeds of this transaction into the Company's Regulated Businesses;
- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement, security and cybersecurity regulations;
- cost overruns relating to improvements in or the expansion of the Company's operations;
- the Company's ability to successfully develop and implement new technologies and to protect related intellectual property;
- the Company's ability to maintain safe work sites;
- the Company's exposure to liabilities related to environmental laws and regulations, including those enacted or adopted and under consideration, and the substances related thereto, including without limitation copper, lead and galvanized steel, PFAS and other contaminants of emerging concern, and similar matters resulting from, among other things, water and wastewater service provided to customers;
- the ability of energy providers, state governments and other third parties to achieve or fulfill their GHG emission reduction goals, including without limitation through stated renewable portfolio standards and carbon transition plans;
- with respect to any of the Forward Sale Agreements, as described herein: (i) the inability of the forward purchasers (or their affiliates) to perform their obligations thereunder, (ii) the timing and method of any settlement thereof, (iii) the amount and intended use of proceeds that may be received by the Company from any such settlement, and (iv) the timing and amount of any common stock dilution resulting therefrom;
- changes in general economic, political, business and financial market conditions;
- access to sufficient debt and/or equity capital on satisfactory terms and as needed to support operations and capital expenditures;
- fluctuations in inflation or interest rates, and the Company's ability to address or mitigate the impacts thereof;
- the ability to comply with affirmative or negative covenants in the current or future indebtedness of the Company or any of its subsidiaries, or the issuance of new or modified credit ratings or outlooks by credit rating agencies with respect to the Company or any of its subsidiaries (or any current or future indebtedness thereof), which could increase financing costs or funding requirements and affect the Company's or its subsidiaries' ability to issue, repay or redeem debt, pay dividends or make distributions;
- fluctuations in the value of, or assumptions and estimates related to, its benefit plan assets and liabilities, including with respect to its pension and other post-retirement benefit plans, that could increase expenses and plan funding requirements;
- changes in federal or state general, income and other tax laws, and the imposition, utilization or change in economic tariffs (or any attempt or effort to do so), including (i) future significant tax legislation or regulations (including without limitation impacts related to the corporate alternative minimum tax ("CAMT")), and (ii) the availability of, or the Company's compliance with, the terms of applicable tax credits and tax abatement programs;
- migration of customers into or out of the Company's service territories and changes in water and energy consumption resulting therefrom;
- the use by municipalities of the power of eminent domain or other authority to condemn the systems of one or more of the Company's utility subsidiaries, including without limitation litigation and other proceedings with respect to the water system assets of the Company's California subsidiary ("Cal Am") located in Monterey, California (the "Monterey system assets"), or the assertion by private landowners of similar rights against such utility subsidiaries;
- any difficulty or inability to obtain insurance for the Company, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing or future insurance programs and coverages for any losses sustained;

- the incurrence of impairment charges, changes in fair value and other adjustments related to the Company's goodwill or the value of its other assets;
- labor actions, including work stoppages and strikes;
- the Company's ability to retain and attract highly qualified and skilled employees and talent;
- civil disturbances or unrest, or terrorist threats or acts, or public apprehension about future disturbances, unrest, or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above, and the risk factors and other statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 (the "Form 10-K") and in this Form 10-Q, and readers should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements the Company makes shall speak only as of the date this Form 10-Q was filed with the U.S. Securities and Exchange Commission ("SEC"). Except as required by the federal securities laws, the Company does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on the Company's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2026	December 31, 2025
ASSETS		
Property, plant and equipment	$ 38,569	$ 37,955
Accumulated depreciation	(7,496)	(7,379)
Property, plant and equipment, net	31,073	30,576
Current assets:		
Cash and cash equivalents	137	98
Restricted funds	19	21
Accounts receivable, net of allowance for uncollectible accounts of $63 and $58, respectively	386	395
Income tax receivable	112	9
Unbilled revenues	451	433
Materials and supplies	114	112
Secured seller promissory note from the sale of the Homeowner Services Group	—	795
Other	305	328
Total current assets	1,524	2,191
Regulatory and other long-term assets:		
Regulatory assets	1,138	1,132
Operating lease right-of-use assets	82	85
Goodwill	1,156	1,156
Other	291	302
Total regulatory and other long-term assets	2,667	2,675
Total assets	$ 35,264	$ 35,442

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Balance Sheets (Unaudited)
(In millions, except share and per share data)

	March 31, 2026	December 31, 2025
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock ($0.01 par value; 500,000,000 shares authorized; 200,767,975 and 200,605,170 shares issued, respectively)	$ 2	$ 2
Paid-in-capital	8,652	8,642
Retained earnings	2,771	2,575
Accumulated other comprehensive income	8	6
Treasury stock, at cost (5,487,595 and 5,428,008 shares, respectively)	(396)	(388)
Total common shareholders' equity	11,037	10,837
Long-term debt	12,766	12,777
Redeemable preferred stock at redemption value	3	3
Total long-term debt	12,769	12,780
Total capitalization	23,806	23,617
Current liabilities:		
Short-term debt	1,366	1,588
Current portion of long-term debt	1,494	1,479
Accounts payable	272	378
Accrued liabilities	580	830
Accrued taxes	94	134
Accrued interest	135	140
Other	177	198
Total current liabilities	4,118	4,747
Regulatory and other long-term liabilities:		
Advances for construction	468	435
Deferred income taxes and investment tax credits	3,382	3,190
Regulatory liabilities	1,409	1,416
Operating lease liabilities	72	74
Accrued pension expense	160	167
Other	204	166
Total regulatory and other long-term liabilities	5,695	5,448
Contributions in aid of construction	1,645	1,630
Commitments and contingencies (See Note 11)		
Total capitalization and liabilities	$ 35,264	$ 35,442

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Operations (Unaudited)
(In millions, except per share data)

	For the Three Months Ended March 31,	
	2026	2025
Operating revenues	$ 1,207	$ 1,142
Operating expenses:		
Operation and maintenance	493	468
Depreciation and amortization	237	216
General taxes	86	87
Total operating expenses, net	816	771
Operating income	391	371
Other (expense) income:		
Interest expense	(163)	(144)
Interest income	12	22
Non-operating benefit costs, net	5	4
Other, net	14	17
Total other (expense) income	(132)	(101)
Income before income taxes	259	270
Provision for income taxes	63	65
Net income attributable to common shareholders	$ 196	$ 205
Basic earnings per share: (a)		
Net income attributable to common shareholders	$ 1.00	$ 1.05
Diluted earnings per share: (a)		
Net income attributable to common shareholders	$ 1.00	$ 1.05
Weighted-average common shares outstanding:		
Basic	195	195
Diluted	195	195

(a) Amounts may not calculate due to rounding.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2026	2025
Net income attributable to common shareholders	$ 196	$ 205
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on cash flow hedges, net of tax of $1 and $(3) for the three months ended March 31, 2026 and 2025, respectively	2	(8)
Unrealized loss on available-for-sale fixed-income securities, net of tax of $0 and $(1) for the three months ended March 31, 2026 and 2025, respectively	—	(2)
Net other comprehensive income (loss)	2	(10)
Comprehensive income attributable to common shareholders	$ 198	$ 195

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	For the Three Months Ended March 31,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 196	$ 205
Adjustments to reconcile to net cash flows provided by operating activities:		
Depreciation and amortization	237	216
Deferred income taxes and amortization of investment tax credits	231	16
Provision for losses on accounts receivable	14	10
Pension and non-pension postretirement benefits	(2)	(2)
Other non-cash, net	(12)	(21)
Changes in assets and liabilities:		
Receivables and unbilled revenues	(22)	25
Income tax receivable	(103)	2
Pension contributions	(11)	(11)
Accounts payable and accrued liabilities	(164)	(131)
Accrued taxes	(37)	73
Other assets and liabilities, net	(22)	(51)
Net cash provided by operating activities	305	331
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(659)	(548)
Acquisitions, net of cash acquired	(20)	(3)
Proceeds from secured seller promissory note from the sale of the Homeowner Services Group	795	—
Removal costs from property, plant and equipment retirements, net	(40)	(29)
Purchases of available-for-sale fixed-income securities	—	(27)
Proceeds from sales and maturities of available-for-sale fixed-income securities	17	39
Net cash provided by (used in) investing activities	93	(568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt, net of discount	7	810
Repayments of long-term debt	(3)	(531)
Net short-term (repayments) borrowings with original maturities less than three months	(222)	120
Advances and contributions in aid of construction, net of refunds of $8 and $9 for the three months ended March 31, 2026 and 2025, respectively	19	13
Debt issuance costs	—	(5)
Dividends paid	(162)	(149)
Other, net	(5)	(4)
Net cash (used in) provided by financing activities	(366)	254
Net increase in cash, cash equivalents and restricted funds	32	17
Cash, cash equivalents and restricted funds at beginning of period	139	140
Cash, cash equivalents and restricted funds at end of period	$ 171	$ 157
Non-cash investing activity:		
Capital expenditures acquired on account but unpaid as of the end of period	$ 320	$ 298

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In millions)

	Common Stock				Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2025	200.6	$ 2	$ 8,642	$ 2,575	$ 6	(5.4)	$ (388)	$ 10,837
Net income attributable to common shareholders	—	—	—	196	—	—	—	196
Common stock issuances (a)	0.2	—	10	—	—	(0.1)	(8)	2
Net other comprehensive income	—	—	—	—	2	—	—	2
Balance as of March 31, 2026	200.8	$ 2	$ 8,652	$ 2,771	$ 8	(5.5)	$ (396)	$ 11,037

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

	Common Stock				Accumulated Other Comprehensive Income	Treasury Stock		Total Shareholders' Equity
	Shares	Par Value	Paid-in-Capital	Retained Earnings		Shares	At Cost	
Balance as of December 31, 2024	200.4	$ 2	$ 8,598	$ 2,112	$ 12	(5.5)	$ (392)	$ 10,332
Net income attributable to common shareholders	—	—	—	205	—	—	—	205
Common stock issuances (a)	0.1	—	13	—	—	—	(6)	7
Net other comprehensive loss	—	—	—	—	(10)	—	—	(10)
Balance as of March 31, 2025	200.5	$ 2	$ 8,611	$ 2,317	$ 2	(5.5)	$ (398)	$ 10,534

(a) Includes stock-based compensation, employee stock purchase plan and dividend reinvestment and direct stock purchase plan activity.

The accompanying notes are an integral part of these Consolidated Financial Statements.

American Water Works Company, Inc. and Subsidiary Companies
Notes to Consolidated Financial Statements (Unaudited)
(Unless otherwise noted, in millions, except per share data)

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements included in this report include the accounts of American Water Works Company, Inc. and all of its subsidiaries (the "Company" or "American Water"), in which a controlling interest is maintained after the elimination of intercompany balances and transactions. References to "parent company" mean American Water Works Company, Inc., without its subsidiaries. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, and the rules and regulations for reporting on Quarterly Reports on Form 10-Q ("Form 10-Q"). Accordingly, they do not contain certain information and disclosures required by GAAP for comprehensive financial statements. In the opinion of management, all adjustments necessary for a fair statement of the financial position as of March 31, 2026, and the results of operations and cash flows for all periods presented, have been made. All adjustments are of a normal, recurring nature, except as otherwise disclosed.

The unaudited Consolidated Financial Statements and Notes included in this report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025 ("Form 10-K"), which provides a more complete discussion of the Company's accounting policies, financial position, operating results and other matters. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the year, primarily due to the seasonality of the Company's operations.

Note 2: Significant Accounting Policies

New Accounting Standards

Presented in the table below is the new accounting standard that was adopted by the Company in 2026:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Induced Conversions of Convertible Debt Instruments	The guidance in this standard clarifies the requirements for determining whether to account for certain settlements of convertible debt instruments as induced conversions or extinguishments. The guidance requires an entity to account for a settlement as an induced conversion if the inducement offer includes the issuance of all of the consideration issuable under the conversion privileges provided in the terms of the existing convertible debt instrument.	January 1, 2026	Prospective	The standard did not have a material impact on the Consolidated Financial Statements.

Presented in the table below are recently issued accounting standards that have not yet been adopted by the Company as of March 31, 2026; recently issued accounting standards not presented below were determined to be not applicable, or not material, to the Company:

Standard	Description	Date of Adoption	Application	Effect on the Consolidated Financial Statements
Income Statement Disaggregation	The guidance in this standard enhances disclosures related to income statement expenses to further disaggregate expenses in the footnotes to the financial statements. The standard requires disaggregation of any relevant expense caption presented on the face of the income statement that contains the following expense categories: purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion. Further, the standard requires disclosure of the total amount and the entity's definition of selling expenses.	Annual periods beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027	Prospective, with retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Internal-Use Software	The guidance in this standard removes all reference to prescriptive and sequential software development stages, requiring an entity to start capitalizing software costs when the following criteria are both met: (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. Further, the standard requires disclosure for all capitalized internal-use software costs and removes the requirement for intangibles disclosures for capitalized internal-use software.	Annual periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods	Prospective, with a modified transition or retrospective application also permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.
Accounting for Government Grants Received by Business Entities	Introduces authoritative GAAP guidance for accounting and disclosure of government grants received by business entities, addressing the previous lack of specific guidance and reducing diversity in practice. The standard requires grants to be recognized when compliance with conditions is probable and receipt is likely, and allows presentation either as deferred income or as a reduction of related costs.	Annual periods beginning after December 15, 2028 and interim reporting periods within those annual reporting periods	Modified prospective, modified retrospective, or retrospective applications are permitted	The Company is evaluating the impact on its Consolidated Financial Statements and the timing of adoption.

Property, Plant and Equipment

The New Jersey Economic Development Authority ("NJEDA") determined that the Company was qualified to receive $161 million in tax credits in connection with its capital investment in its corporate headquarters in Camden, New Jersey. The Company was qualified to receive the tax credits over a 10-year period commencing in 2019.

As of March 31, 2026, and December 31, 2025, the Company had current assets of $15 million included in Other and $64 million of long-term assets included in Other on the Consolidated Balance Sheets for the 2024 through 2028 tax credits. The Company has made the necessary annual filings for the years ended December 31, 2025 and 2024. The submitted filings are under review by the NJEDA and it is expected that the Company will receive final NJEDA approval and monetize the 2024 tax credits in 2026 and the 2025 tax credits in 2027.

Cash, Cash Equivalents and Restricted Funds

Presented in the table below is a reconciliation of the cash and cash equivalents and restricted funds amounts as presented on the Consolidated Balance Sheets to the sum of such amounts presented on the Consolidated Statements of Cash Flows for the periods ended March 31:

	2026	2025
Cash and cash equivalents	$ 137	$ 114
Restricted funds	19	18
Restricted funds included in other long-term assets	15	25
Cash, cash equivalents and restricted funds as presented on the Consolidated Statements of Cash Flows	$ 171	$ 157

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts is maintained for estimated probable losses resulting from the Company's inability to collect receivables from customers. Accounts that are outstanding longer than the payment terms are considered past due. A number of factors are considered in determining the allowance for uncollectible accounts, including the length of time receivables are past due, previous loss history, current economic and societal conditions and reasonable and supportable forecasts that affect the collectability of receivables from customers. The Company generally writes off accounts when they become uncollectible or are over a certain number of days outstanding.

Presented in the table below are the changes in the allowance for uncollectible accounts for the three months ended March 31:

	2026	2025
Balance as of January 1	$ (58)	$ (53)
Amounts charged to expense	(14)	(10)
Amounts written off	9	6
Balance as of March 31	$ (63)	$ (57)

Note 3: Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2026. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

	Effective Date	Amount
General rate cases by state:		
West Virginia	March 1, 2026	$ 20
Maryland	February 26, 2026	2
California, Attrition Increase (a)	January 1, 2026	14
Total general rate case authorizations		$ 36

(a) The effective annualized incremental revenue increase for the 2026 attrition year was finalized through the standard Advice Letter process with the California Public Utilities Commission in January 2026.

On March 5, 2026, the Public Service Commission of West Virginia issued an amended order that approves the adjustment of the Company's West Virginia subsidiary's base rates requested in a general rate case filed on May 5, 2025. The general rate case order approved an annualized increase of approximately $20 million in water and wastewater system revenues, which excludes previously recovered infrastructure surcharges of approximately $13 million, based on an authorized return on equity of 9.80%, a common equity ratio of 51.00% and a debt ratio of 49.00%. As of March 5, 2026, the West Virginia subsidiary's view of its authorized rate base, which was not stated in the general rate case order, is approximately $1.1 billion. The increased water and wastewater revenues related to this base rate adjustment are being driven primarily by approximately $239 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case and through February 2026. The new water and wastewater rates became effective as of March 1, 2026.

On February 26, 2026, the Public Service Commission of Maryland (the "MDPSC") issued an order approving the joint settlement of the general rate case filed on August 1, 2025, by the Company's Maryland subsidiary. A joint stipulation and settlement agreement by and among the Maryland subsidiary, the Office of People's Counsel, and the Staff of the MDPSC was filed with the MDPSC on January 22, 2026. The general rate case order approves a consolidated annualized increase in water revenues of approximately $2 million, with approximately $1 million of the increase to be included in rates effective concurrently with the date of the general rate case order, and the remainder effective January 1, 2027. The Maryland subsidiary's view of its return on equity, common equity ratio and debt ratio (each of which is based on the information included in the general rate case order and the joint stipulation and settlement agreement, but was not disclosed therein), is 9.75%, 52.32% and 47.68%, respectively. The annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary since its last general rate case approval in 2019.

On December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order, seeking clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response, which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the Illinois Commerce Commission (the "ICC") to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. On April 24, 2026, as part of the standard process to update the filing for actual costs incurred, the New Jersey subsidiary filed an update with the NJBPU to its request originally filed on January 16, 2026. The updated request seeks aggregate annualized incremental revenue of approximately $139 million, with the reduction primarily driven by the removal of the impacts of the Corporate Alternative Minimum Tax ("CAMT") from rate base as a result of Internal Revenue Service Notice 2026-7 issued in February 2026. The requested annualized incremental revenue is driven primarily by an estimated $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the Virginia State Corporation Commission (the "SCC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by an estimated $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100-day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2026:

	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	(a)	$ 18
Indiana	March 18, 2026	15
West Virginia	March 1, 2026	2
Missouri	March 1, 2026	13
Illinois	January 1, 2026	5
Total infrastructure surcharge authorizations		$ 53

(a) In 2026, $11 million was effective January 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On March 3, 2026, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $18 million in additional annualized revenues.

Note 4: Revenue Recognition

Disaggregated Revenues

The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other."

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2026:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 593	$ —	$ 593
Commercial	229	—	229
Fire service	48	—	48
Industrial	48	—	48
Public and other	70	—	70
Total water services	988	—	988
Wastewater services:			
Residential	74	—	74
Commercial	22	—	22
Industrial	2	—	2
Public and other	9	—	9
Total wastewater services	107	—	107
Miscellaneous utility charges	12	—	12
Alternative revenue programs	—	2	2
Lease contract revenue	—	2	2
Total Regulated Businesses	1,107	4	1,111
Other	96	—	96
Total operating revenues	$ 1,203	$ 4	$ 1,207

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Presented in the table below are operating revenues disaggregated for the three months ended March 31, 2025:

	Revenues from Contracts with Customers	Other Revenues Not from Contracts with Customers (a)	Total Operating Revenues
Regulated Businesses:			
Water services:			
Residential	$ 560	$ —	$ 560
Commercial	212	—	212
Fire service	45	—	45
Industrial	45	—	45
Public and other	67	—	67
Total water services	929	—	929
Wastewater services:			
Residential	68	—	68
Commercial	18	—	18
Industrial	5	—	5
Public and other	10	—	10
Total wastewater services	101	—	101
Miscellaneous utility charges	11	—	11
Alternative revenue programs	—	6	6
Lease contract revenue	—	2	2
Total Regulated Businesses	1,041	8	1,049
Other	93	—	93
Total operating revenues	$ 1,134	$ 8	$ 1,142

(a) Includes revenues associated with alternative revenue programs, lease contracts and intercompany rent, which are outside the scope of ASC 606, and accounted for under other existing GAAP.

Contract Balances

Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings, and cash collections. In the Company's Military Services Group ("MSG"), certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs subsequent to revenue recognition and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts, and are recognized as revenue when the associated performance obligations are satisfied.

Contract assets of $190 million and $171 million are included in Unbilled revenues on the Consolidated Balance Sheets as of March 31, 2026, and December 31, 2025, respectively. Also, no contract assets are included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2026, and contract assets of $5 million are included in other long-term assets on the Consolidated Balance Sheets as of December 31, 2025. Contract liabilities of $26 million and $19 million are included in other current liabilities on the Consolidated Balance Sheets as of March 31, 2026, and December 31, 2025, respectively. Also, contract liabilities of $13 million and $19 million are included in other long-term liabilities on the Consolidated Balance Sheets as of March 31, 2026, and December 31, 2025, respectively. Revenues recognized for the three months ended March 31, 2026 and 2025, from amounts included in contract liabilities were $20 million and $22 million, respectively.

Remaining Performance Obligations

Remaining performance obligations ("RPOs") represent revenues the Company expects to recognize in the future from contracts that are in progress. The Company enters into agreements for the provision of services to water and wastewater facilities for the U.S. military, municipalities and other customers. As of March 31, 2026, the Company's operation and maintenance ("O&M") and capital improvement contracts have RPOs. Contracts with the U.S. government for work on various military installations expire between 2051 and 2073 and have RPOs of $7.4 billion as of March 31, 2026, as measured by estimated remaining contract revenue. Such contracts are subject to customary termination provisions held by the U.S. government, prior to the agreed-upon contract expiration. Contracts with municipalities and commercial customers expire between 2031 and 2038 and have RPOs of $496 million as of March 31, 2026, as measured by estimated remaining contract revenue.

Note 5: Mergers, Acquisitions and Divestitures

Agreement and Plan of Merger with Essential Utilities, Inc.

On October 26, 2025, parent company entered into an Agreement and Plan of Merger (the "Essential Merger Agreement") with Essential Utilities, Inc. ("Essential") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, and parent company will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr, Pennsylvania, and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable public utility commissions ("PUCs") on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. During the three months ended March 31, 2026, $5 million of merger-related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations.

Acquisitions - Regulated Businesses

During the three months ended March 31, 2026, the Company closed on one regulated wastewater system acquisition for a purchase price of $20 million, which added approximately 4,600 wastewater customers. Assets acquired from the acquisition, principally utility plant, totaled $28 million and liabilities assumed totaled $8 million. The acquisition was accounted for as a business combination and the purchase price allocation will be finalized once the valuation of assets acquired has been completed, no later than one year after the acquisition date.

The pro forma impact of the Company's business combinations, as well as the revenues and earnings generated during the period since the acquisition date, was not material to the Consolidated Statements of Operations for the periods ended March 31, 2026 and 2025.

Secured Seller Promissory Note from the Sale of Homeowner Services Group

On December 9, 2021, the Company sold all of the equity interests in subsidiaries that comprised the Homeowner Services Group ("HOS") to a wholly owned subsidiary (the "Buyer") of funds advised by Apax Partners LLP, a global private equity advisory firm, for total consideration of approximately $1.275 billion. The outstanding consideration as of December 31, 2025, was a secured seller note payable in cash and issued by the Buyer in the principal amount of $795 million, with an interest rate of 10.00% per year. On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note in full satisfaction of the Buyer's obligations thereunder. The Company recognized $9 million and $20 million of interest income during the three months ended March 31, 2026 and 2025, respectively, from this note.

Note 6: Shareholders' Equity

Equity Forward Sale Agreements

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of March 31, 2026, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements were classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

Accumulated Other Comprehensive Loss

Presented in the table below are the changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended March 31, 2026 and 2025, respectively:

	Defined Benefit Pension Plans					
	Employee Benefit Plan Funded Status	Amortization of Prior Service Cost	Amortization of Actuarial Loss	Gain (Loss) on Cash Flow Hedges	Gain (Loss) on Fixed-Income Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2025	$ (95)	$ 1	$ 75	$ 26	$ (1)	$ 6
Other comprehensive income before reclassifications	—	—	—	2	—	2
Net other comprehensive income	—	—	—	2	—	2
Balance as of March 31, 2026	$ (95)	$ 1	$ 75	$ 28	$ (1)	$ 8
Balance as of December 31, 2024	$ (95)	$ 1	$ 74	$ 30	$ 2	$ 12
Other comprehensive (loss) income before reclassifications	—	—	—	(8)	2	(6)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	(4)	(4)
Net other comprehensive loss	—	—	—	(8)	(2)	(10)
Balance as of March 31, 2025	$ (95)	$ 1	$ 74	$ 22	$ —	$ 2

The Company does not reclassify the amortization of defined benefit pension cost components from accumulated other comprehensive income (loss) directly to net income in its entirety, as a portion of these costs have been deferred as a regulatory asset. These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost.

The amortization of the gain (loss) on cash flow hedges is reclassified to net income during the period incurred and is included in Interest expense in the accompanying Consolidated Statements of Operations.

An unrealized gain (loss) on available-for-sale fixed-income securities is reclassified to net income upon sale of the securities as a realized gain or loss and is included in Other, net in the accompanying Consolidated Statements of Operations.

Dividends

On March 3, 2026, the Company paid a quarterly cash dividend of $0.8275 per share to shareholders of record as of February 10, 2026.

On April 29, 2026, the Company's Board of Directors declared a quarterly cash dividend payment of $0.8950 per share, payable on June 2, 2026, to shareholders of record as of May 12, 2026. Future dividends, when and as declared at the discretion of the Board of Directors, will be dependent upon future earnings and cash flows, compliance with various regulatory, financial and legal requirements, and other factors. See Note 9—Shareholders' Equity in the Notes to Consolidated Financial Statements in the Company's Form 10-K for additional information regarding the payment of dividends on the Company's common stock.

Note 7: Long-Term Debt

On April 1, 2026, American Water Capital Corp. ("AWCC"), the Company's wholly owned finance subsidiary, completed the sale of $700 million aggregate principal amount of its 5.200% Senior Notes due 2036. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $695 million. AWCC intends to use the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

During the three months ended March 31, 2026, the Company's regulated subsidiaries issued in the aggregate $7 million of private activity bonds and government funded debt in multiple transactions with annual interest rates ranging from 0.00% to 1.74%, a weighted average interest rate of 0.47% and maturity dates ranging from 2031 through 2048. The private activity bonds and government funded debt issued by the Company's regulated subsidiaries during the three months ended March 31, 2026, were collateralized. During the three months ended March 31, 2026, AWCC and the Company's regulated subsidiaries made sinking fund payments for, repaid at maturity, or settled $3 million in aggregate principal amount of outstanding long-term debt, with annual interest rates ranging from 0.00% to 3.12%, a weighted average interest rate of 0.81% and maturity dates ranging from 2029 to 2061.

As of March 31, 2026, the Company had entered into five treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $175 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2026 and have an average fixed interest rate of 4.86%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In March 2026, the Company terminated 10 treasury lock agreements, designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $600 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on April 1, 2026.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2026 or 2025.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Exchangeable Notes"). AWCC received net proceeds of approximately $1,022 million, after deduction of underwriting discounts and commissions but before deduction of offering expenses payable by AWCC. The Exchangeable Notes will mature on June 15, 2026 (the "Maturity Date"), unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

The Exchangeable Notes are exchangeable at an initial exchange rate of 5.8213 shares of parent company's common stock per $1,000 principal amount of Exchangeable Notes (equivalent to an initial exchange price of approximately $171.78 per share of common stock). The initial exchange rate of the Exchangeable Notes is subject to adjustment as provided in the indenture pursuant to which the Exchangeable Notes were issued (the "Exchangeable Note Indenture"). Upon any exchange of the Exchangeable Notes, AWCC will (i) pay cash up to the aggregate principal amount of such Exchangeable Notes and (ii) pay or deliver (or cause to be delivered), as the case may be, cash, shares of parent company's common stock, or a combination of cash and shares of such common stock, at AWCC's election, in respect of the remainder, if any, of AWCC's exchange obligation in excess of the aggregate principal amount of such Exchangeable Notes. As of March 31, 2026, the exchange rate for the Exchangeable Notes was 5.8270.

AWCC may not redeem the Exchangeable Notes prior to the Maturity Date, and no sinking fund is provided for the Exchangeable Notes. Subject to certain conditions, holders of the Exchangeable Notes will have the right to require AWCC to repurchase all or a portion of their Exchangeable Notes upon the occurrence of a fundamental change, as defined in the Exchangeable Note Indenture, at a repurchase price of 100% of their principal amount plus any accrued and unpaid interest.

Note 8: Short-Term Debt

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the AWCC revolving credit facility. AWCC maintains an unsecured revolving credit facility which provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The termination date of the credit agreement with respect to AWCC's revolving credit facility is October 26, 2029. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support and to provide a sub-limit for the issuance of up to $150 million in letters of credit. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment under the facility by up to an aggregate of $500 million.

Short-term debt consists of commercial paper borrowings totaling $1,367 million and $1,590 million as of March 31, 2026, and December 31, 2025, respectively, or net of discount $1,366 million and $1,588 million as of March 31, 2026, and December 31, 2025, respectively. The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.07% and 3.89% as of March 31, 2026, and December 31, 2025, respectively. As of March 31, 2026, and December 31, 2025, AWCC had no outstanding borrowings under the revolving credit facility and there were no commercial paper borrowings outstanding with maturities greater than three months.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2026		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,367)	(84)	(1,451)
Remaining availability as of March 31, 2026	$ 1,233	$ 66	$ 1,299

(a) Total remaining availability of $1.3 billion as of March 31, 2026, was accessible through revolver draws.

	As of December 31, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2026, and December 31, 2025, respectively:

	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2026	$ 137	$ 1,299	$ 1,436
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174

Note 9: Income Taxes

The Company's effective income tax rate was 24.3% and 24.1% for the three months ended March 31, 2026 and 2025, respectively.

On February 18, 2026, the Internal Revenue Service issued Notice 2026-7, providing additional CAMT guidance that, among other changes, allows tax repairs to be deducted when calculating the CAMT liability and allows retroactive reliance for companies to file amended returns and recover CAMT already paid. As a result of this guidance, the Company does not expect to be in a CAMT liability position. As of March 31, 2026, previously recorded current and deferred tax amounts relating to CAMT have been adjusted in the Company's Consolidated Financial Statements to reflect the revised calculation and refund claim status including the reversal of the $200 million CAMT credit carryforward outstanding as of December 31, 2025. Also, as of March 31, 2026, the Company recognized additional uncertain tax liabilities of $50 million and interest of $2 million, as the CAMT credit carryforward is no longer available for offset. The Company will continue to evaluate CAMT applicability on a prospective basis.

Note 10: Pension and Other Postretirement Benefits

Presented in the table below are the components of net periodic benefit costs:

	For the Three Months Ended March 31,	
	2026	2025
Components of net periodic pension benefit cost:		
Service cost	$ 3	$ 3
Interest cost	20	21
Expected return on plan assets	(23)	(22)
Amortization of prior service credit	—	(1)
Amortization of actuarial loss	4	5
Net periodic pension benefit cost	$ 4	$ 6
Components of net periodic other postretirement benefit credit:		
Interest cost	$ 3	$ 3
Expected return on plan assets	(3)	(3)
Amortization of prior service credit	(6)	(8)
Net periodic other postretirement benefit credit	$ (6)	$ (8)

The Company contributed $11 million for the funding of its defined benefit pension plans for the three months ended March 31, 2026 and 2025. The Company expects to make additional pension contributions to the plan trusts of $33 million during the remainder of 2026.

Note 11: Commitments and Contingencies

Contingencies

The Company is routinely involved in legal actions incident to the normal conduct of its business. As of March 31, 2026, the Company has accrued approximately $6 million of probable loss contingencies and has estimated that the maximum amount of loss associated with reasonably possible loss contingencies arising out of such legal actions, which can be reasonably estimated, is $7 million. For certain legal actions, the Company is unable to estimate possible losses. The Company believes that damages or settlements, if any, recovered by plaintiffs in such legal actions, other than as described in this Note 11 —Commitments and Contingencies, will not have a material adverse effect on the Company.

Dunbar, West Virginia Class Action Litigation Settlement

On the evening of June 23, 2015, a 36-inch pre-stressed concrete transmission water main, installed in the early 1970s, failed. The water main is part of the West Relay pumping station located in the City of Dunbar, West Virginia and owned by the Company's West Virginia subsidiary ("WVAWC"). Water service was fully restored by July 1, 2015, to all customers affected by this event.

On June 2, 2017, a complaint captioned *Jeffries, et al. v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of residents and business owners who lost water service or pressure as a result of the Dunbar main break. The complaint alleged breach of contract by WVAWC for failure to supply water, violation of West Virginia law regarding the sufficiency of WVAWC's facilities and negligence by WVAWC in the design, maintenance and operation of the water system. In July 2020, the Circuit Court entered an order granting the *Jeffries* plaintiffs' motion for certification of a class regarding certain liability issues but denying certification of a class to determine a punitive damages multiplier.

Trial in this matter had been scheduled, but before trial commenced, the parties notified the Circuit Court that an agreement in principle to settle this litigation was reached among the parties. On May 2, 2025, the parties jointly filed with the Circuit Court a proposed class action settlement agreement (the "Dunbar Settlement") with respect to the certified liability claims. On September 12, 2025, the Circuit Court issued an order granting final approval of the Dunbar Settlement. Under the terms of the approved Dunbar Settlement, WVAWC has not admitted, and will not admit, any fault or liability for any of the allegations made by the *Jeffries* plaintiffs. The maximum pre-tax amount of the Dunbar Settlement is approximately $18 million, of which the final amount of the Company's and WVAWC's contributions to the Dunbar Settlement is approximately $5 million (which have been funded through existing sources of liquidity), and the remainder has been contributed by certain of the Company's general liability insurance carriers. The Company previously recorded in the fourth quarter of 2024 a charge to earnings, net of expected insurance receivables, of $5 million ($4 million after-tax), with respect to the Dunbar Settlement. The actual total amount to be paid to claimants through the Dunbar Settlement will depend upon the claims approved through the claims process but the Company does not currently anticipate that its maximum liability will materially exceed $5 million. The deadline for claims submissions was August 25, 2025, and on October 10, 2025, WVAWC made its payments for attorney fees, costs and other expenses under the order granting final approval of the class settlement.

Chattanooga, Tennessee Class Action Litigation

On September 12, 2019, the Company's Tennessee subsidiary ("TAWC"), experienced a leak in a 36-inch water transmission main, which caused service fluctuations or interruptions to TAWC customers and the issuance of a boil water notice. TAWC repaired the main by early morning on September 14, 2019, and restored full water service by the afternoon of September 15, 2019, with the boil water notice lifted for all customers on September 16, 2019.

On September 17, 2019, a complaint captioned *Bruce, et al. v. American Water Works Company, Inc., et al.* was filed in the Circuit Court of Hamilton County, Tennessee against TAWC, the Company and American Water Works Service Company, Inc. ("Service Company" and, together with TAWC and the Company, collectively, the "Tennessee-American Water Defendants"), on behalf of a proposed class of individuals or entities who lost water service or suffered monetary losses as a result of the Chattanooga incident (the "Tennessee Plaintiffs"). The complaint alleged breach of contract and negligence against the Tennessee-American Water Defendants, as well as an equitable remedy of piercing the corporate veil. In the complaint as originally filed, the Tennessee Plaintiffs were seeking an award of unspecified alleged damages for wage losses, business and economic losses, out-of-pocket expenses, loss of use and enjoyment of property and annoyance and inconvenience, as well as punitive damages, attorneys' fees and pre- and post-judgment interest. In September 2020, the court dismissed all of the Tennessee Plaintiffs' claims in their complaint, except for the breach of contract claims against TAWC.

In January 2023, after hearing oral argument, the court issued an oral ruling denying the Tennessee Plaintiffs' motion for class certification. In February 2023, the Tennessee Plaintiffs sought reconsideration of the ruling by the court, and any final ruling is appealable to the Tennessee Court of Appeals, as allowed under Tennessee law. In September 2023, the court upheld its prior ruling but gave the Tennessee Plaintiffs the option to file an amended class definition. In October 2023, the Tennessee Plaintiffs filed an amended class definition seeking certification of a business customer-only class. On June 14, 2024, the court issued its written order denying the Tennessee Plaintiffs' amended class and incorporating its denial of certification of the original residential class. On June 21, 2024, the Tennessee Plaintiffs appealed both of the court's orders denying class certification. On December 4, 2025, the Court of Appeals of Tennessee denied the Tennessee Plaintiffs' appeal, and on January 30, 2026, the Tennessee Plaintiffs filed an appeal with the Supreme Court of Tennessee. This matter remains pending.

The Company and TAWC believe that TAWC has valid, meritorious defenses to the claims raised in this class action complaint. TAWC will continue to vigorously defend itself against these allegations. Given the current stage of this proceeding, the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Mountaineer Gas Company Main Break

During the afternoon of November 10, 2023, WVAWC was informed that an 8-inch ductile iron water main owned by WVAWC, located on the West Side of Charleston, West Virginia and originally installed in approximately 1989, experienced a leak. In the early morning hours of November 11, 2023, WVAWC crews successfully completed a repair to the water main. A precautionary boil water advisory was issued the same day to approximately 300 WVAWC customers and ultimately lifted on November 12, 2023.

On November 10, 2023, a break was reported in a low-pressure natural gas main located near the affected WVAWC water main, and an inflow of water into the natural gas main and associated delivery pipelines occurred. The natural gas main and pipelines are owned by Mountaineer Gas Company, a regulated natural gas distribution company serving over 220,000 customers in West Virginia ("Mountaineer Gas"). The resulting inflow of water into the natural gas main and related pipelines resulted in a loss of natural gas service to approximately 1,500 Mountaineer Gas customers, as well as water entering customer service lines and certain natural gas appliances owned or used by some of the affected Mountaineer Gas customers. Mountaineer Gas reported that restoration of natural gas service to all affected gas mains occurred on November 24, 2023. The timing, order and causation of both the WVAWC water main break and Mountaineer Gas's main break are currently unknown and under investigation.

To date, a total of four pending lawsuits have been filed against Mountaineer Gas and WVAWC purportedly on behalf of customers in Charleston, West Virginia related to these incidents. On November 14, 2023, a complaint captioned *Ruffin et al. v. Mountaineer Gas Company and West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of Mountaineer Gas residential and business customers and other households and businesses supplied with natural gas in Kanawha County, which lost natural gas service on November 10, 2023, as a result of these events. The complaint alleges, among other things, breach of contract by Mountaineer Gas, trespass by WVAWC, nuisance by WVAWC, violation of statutory obligations by Mountaineer Gas and WVAWC, and negligence by Mountaineer Gas and WVAWC. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for loss of use of natural gas, annoyance, inconvenience and lost profits, as well as punitive damages.

On November 15, 2023, a complaint captioned *Toliver et al. v. West Virginia-American Water Company and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all natural persons or entities who are citizens of the State of West Virginia and who are customers of WVAWC and/or Mountaineer Gas in the affected areas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass and strict liability, as well as breach of contract against Mountaineer Gas. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property damage, loss of use and enjoyment of property, annoyance and inconvenience and business losses, as well as punitive damages.

On November 16, 2023, a complaint captioned *Dodson et al. v. West Virginia American Water and Mountaineer Gas Company* was filed in West Virginia Circuit Court in Kanawha County on behalf of an alleged class of all West Virginia citizens living between Pennsylvania Avenue south of Washington Street, and Iowa Street, who are customers of Mountaineer Gas. The complaint alleges against Mountaineer Gas and WVAWC, among other things, negligence, nuisance, trespass, statutory code violations and unfair or deceptive business practices. The complaint seeks class-wide damages against Mountaineer Gas and WVAWC for property loss and damage, loss of use and enjoyment of property, mental and emotional distress, and aggravation and inconvenience, as well as punitive damages.

On January 4, 2024, a fourth complaint, captioned *Thomas v. West Virginia-American Water Company and Mountaineer Gas Company*, was filed in West Virginia Circuit Court in Kanawha County asserting similar allegations as those included in the *Ruffin*, *Toliver* and *Dodson* lawsuits, with the addition of counts alleging unjust enrichment and violations of the West Virginia Human Rights Act and the West Virginia Consumer Credit and Protection Act.

On November 17, 2023, the *Ruffin* plaintiff filed a motion to consolidate the class action lawsuits before a single judge in Kanawha County Circuit Court. On June 14, 2024, the judge in the *Ruffin* case partially granted the motion by transferring all of the four class action lawsuits to her court but deferring as premature consolidation of the cases.

On December 5, 2023, a complaint captioned *Mountaineer Gas Company v. West Virginia-American Water Company* was filed in West Virginia Circuit Court in Kanawha County seeking damages under theories of trespass, negligence and implied indemnity. The damages being sought related to the incident include, among other things, repair and response costs incurred by Mountaineer Gas and attorneys' fees and expenses incurred by Mountaineer Gas. On March 6, 2024, the motion to transfer this complaint to the West Virginia Business Court was granted and trial and resolution judges were assigned. The Business Court has set a trial date of August 10, 2026, for this matter.

On December 20, 2023, Mountaineer Gas filed answers to each of the first three class action lawsuits, which included cross-claims against WVAWC alleging that Mountaineer Gas is without fault for the claims and damages alleged in the lawsuits and WVAWC should be required to indemnify Mountaineer Gas for any damages and for attorneys' fees and expenses incurred by Mountaineer Gas in the lawsuits. WVAWC has filed a partial motion to dismiss certain claims in the *Ruffin, Toliver, Dodson* and *Thomas* lawsuits and a motion to dismiss the cross-claims asserted against WVAWC therein by Mountaineer Gas. Mountaineer Gas subsequently voluntarily dismissed its cross-claims. On November 14, 2025, the *Ruffin and Toliver* plaintiffs jointly filed for class certification, and a hearing on that motion was held on April 17, 2026. The court also ordered mediation, which took place in March 2026 and was unsuccessful. There is currently no trial date set for these class action lawsuits.

On December 6, 2023, WVAWC initiated a process whereby Mountaineer Gas customers could file claims with WVAWC and seek payment from WVAWC of up to $2,000 in damages per affected household for the inconvenience arising from a loss of use of their appliances and documented out-of-pocket expenses as a result of the natural gas outage. In light of the diminishing number of new claims that had been filed, the claims process was concluded on March 8, 2024. As of December 31, 2024, a total of 594 Mountaineer Gas customers completed this claims process, and each of those customers has been paid by WVAWC an average of approximately $1,500. In return, these customers were required to execute a partial release of liability in favor of WVAWC.

On November 16, 2023, the Public Service Commission of West Virginia (the "WVPSC") issued an order initiating a general investigation into both the water main break and natural gas outages occurring in this incident to determine the cause or causes thereof, as well as breaks and outages generally throughout the systems of WVAWC and Mountaineer Gas and the utility practices of both utilities. Following a series of disagreements among the parties regarding the scope of discovery, the WVPSC closed the general investigation into both utilities and ordered a separate general investigation for each utility. The WVPSC focused the two general investigations away from the cause of the events and instead on the maintenance practices of each utility during and after the main breaks. On January 29, 2024, the Consumer Advocate Division of the WVPSC filed a motion to intervene in the WVAWC general investigation.

On April 24, 2024, the staff issued a final joint memorandum in the Mountaineer Gas general investigation stating its view that Mountaineer Gas responded appropriately, reasonably and according to Mountaineer Gas's written procedures. The staff is making no recommendations for improvements to Mountaineer Gas and is recommending that the Mountaineer Gas general investigation be closed. On July 24, 2024, the staff issued a final joint memorandum in the WVAWC general investigation finding no indication of systematic failure by WVAWC and concluding WVAWC's maintenance and operating procedures were adequate to ensure safe and reliable service, subject to the implementation by WVAWC of three recommended operational improvements. Both general investigations remain pending.

The Company and WVAWC believe that the causes of action and other claims asserted against WVAWC in the class action complaints and the lawsuit filed by Mountaineer Gas are without merit and that WVAWC has valid, meritorious defenses to such claims. WVAWC continues to defend itself vigorously in these litigation proceedings. Given the current stage of these proceedings and the general investigation, the Company and WVAWC are currently unable to predict the outcome of any of the proceedings described above, and the Company cannot currently determine the likelihood of a loss, if any, or estimate the amount of any loss or a range of loss related to this proceeding.

Alternative Water Supply in Lieu of Carmel River Diversions

Compliance with Orders to Reduce Carmel River Diversions—Monterey Peninsula Water Supply Project

Under a 2009 order (the "2009 Order") of the State Water Resources Control Board (the "SWRCB"), the Company's California subsidiary ("Cal Am") is required to decrease significantly its yearly diversions of water from the Carmel River according to a set reduction schedule. In 2016, the SWRCB issued an order (the "2016 Order," and, together with the 2009 Order, the "Orders") approving a deadline of December 31, 2021, for Cal Am's compliance with these prior orders.

Cal Am is currently involved in developing the Monterey Peninsula Water Supply Project (the "Water Supply Project"), which includes the construction of a desalination plant, to be owned by Cal Am, and the construction of wells that would supply water to the desalination plant. In addition, the Water Supply Project also includes Cal Am's purchase of water from a groundwater replenishment project (the "GWR Project") between Monterey One Water and the Monterey Peninsula Water Management District (the "MPWMD"), as well as an expanded aquifer storage and recovery program. The Water Supply Project is intended, among other things, to fulfill Cal Am's obligations under the Orders.

Cal Am's ability to move forward on the Water Supply Project is and has been subject to administrative review by the CPUC and other government agencies, obtaining necessary permits, and intervention from other parties. In 2016, the CPUC unanimously approved a final decision to authorize Cal Am to enter into a water purchase agreement for the GWR Project and to construct a pipeline and pump station facilities and recover up to $50 million in associated incurred costs, plus an allowance for funds used during construction ("AFUDC"), subject to meeting certain criteria.

In 2018, the CPUC unanimously approved another final decision finding that the Water Supply Project meets the CPUC's requirements for a certificate of public convenience and necessity and an additional procedural phase was not necessary to consider alternative projects. The CPUC's 2018 decision concludes that the Water Supply Project is the best project to address estimated future water demands in Monterey, and, in addition to the cost recovery approved in its 2016 decision, adopts Cal Am's cost estimates for the Water Supply Project, which amounted to an aggregate of $279 million plus AFUDC at a rate representative of Cal Am's actual financing costs. The 2018 final decision specifies the procedures for recovery of all of Cal Am's prudently incurred costs associated with the Water Supply Project upon its completion, subject to the frameworks included in the final decision related to cost caps, operation and maintenance costs, financing, ratemaking and contingency matters. The reasonableness of the Water Supply Project costs will be reviewed by the CPUC when Cal Am seeks cost recovery for the Water Supply Project. Cal Am is also required to implement mitigation measures to avoid, minimize or offset significant environmental impacts from the construction and operation of the Water Supply Project and comply with a mitigation monitoring and reporting program, a reimbursement agreement for CPUC costs associated with that program, and reporting requirements on plant operations following placement of the Water Supply Project in service. Cal Am has incurred $336 million in aggregate costs as of March 31, 2026, related to the Water Supply Project, which includes $112 million in AFUDC.

In September 2021, Cal Am, Monterey One Water and the MPWMD reached an agreement on Cal Am's purchase of additional water from an expansion to the GWR Project. On December 5, 2022, the CPUC issued a final decision that authorized Cal Am to enter into the amended water purchase agreement, and specifically to increase pumping capacity and reliability of groundwater extraction from the Seaside Groundwater Basin. The final decision sets the cost cap for the proposed facilities at approximately $62 million. Cal Am may seek recovery of amounts above the cost cap in a subsequent rate filing or general rate case. Additionally, the final decision authorizes AFUDC at Cal Am's actual weighted average cost of debt for most of the facilities. On December 30, 2022, Cal Am filed with the CPUC an application for rehearing of the CPUC's December 5, 2022, final decision, and on March 30, 2023, the CPUC issued a decision denying Cal Am's application for rehearing, but adopting its proposed AFUDC for already incurred and future costs. The decision also provided Cal Am the opportunity to serve supplemental testimony to increase its cost cap for certain of the Water Supply Project's extraction wells. On May 21, 2025, the CPUC issued a decision authorizing an increase to the cost cap of $11 million for the specified extraction wells.

The amended water purchase agreement and a memorandum of understanding to negotiate certain milestones related to the expansion of the GWR Project have been signed by the relevant parties. Further hearings were scheduled in a Phase 2 to this CPUC proceeding to focus on updated supply and demand estimates for the Water Supply Project, and Phase 2 testimony was completed in September 2022. On October 23, 2023, a status conference was held to determine procedural steps to conclude the proceeding. Further evidentiary hearings were held in March 2024. On May 9, 2025, the CPUC issued a proposed decision in Phase 2, finding that without the Water Supply Project, projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050. On August 14, 2025, the CPUC approved a final decision updating the supply and demand estimates for the Water Supply Project, finding that the projected demand will outstrip supply by approximately 2,600 acre-feet per year for 2050. On September 17, 2025, the City of Marina (the "City"), the Marina Coast Water District ("MCWD") and the MPWMD filed applications for rehearing of the final decision. On September 22, 2025, these parties also filed a motion to stay the final decision. On October 9, 2025, the CPUC issued a factual correction to the final decision to find that the projected demand will outstrip supply by approximately 2,500 acre-feet per year for 2050 and did not rule on the other motions.

While Cal Am believes that its expenditures to date have been prudent and necessary to comply with the Orders, as well as relevant final decisions of the CPUC related thereto, Cal Am cannot currently predict its ability to recover all of its costs and expenses associated with the Water Supply Project and there can be no assurance that Cal Am will be able to recover all of such costs and expenses in excess of the $123 million in previously approved aggregate construction costs, plus applicable AFUDC, previously approved by the CPUC in its September 2016 decision, its December 2022 decision (as amended by its March 2023 rehearing decision), and its May 2025 decision.

Coastal Development Permit Application

In 2018, Cal Am submitted a coastal development permit application (the "Marina Application") to the City for those project components of the Water Supply Project located within the City's coastal zone. Members of the City's Planning Commission, as well as City councilpersons, publicly expressed opposition to the Water Supply Project. In May 2019, the City issued a notice of final local action based upon the denial by the Planning Commission of the Marina Application. Thereafter, Cal Am appealed this decision to the Coastal Commission, as permitted under the City's code and the California Coastal Act. At the same time, Cal Am submitted an application (the "Original Jurisdiction Application") to the Coastal Commission for a coastal development permit for those project components located within the Coastal Commission's original jurisdiction. After Coastal Commission staff issued reports recommending denial of the Original Jurisdiction Application, noting potential impacts on environmentally sensitive habitat areas and wetlands and possible disproportionate impacts to communities of concern, in September 2020, Cal Am withdrew the Original Jurisdiction Application in order to address the staff's environmental justice concerns. In November 2020, Cal Am refiled the Original Jurisdiction Application.

In October 2022, Cal Am announced a phasing plan for the proposed desalination plant component of the Water Supply Project. The desalination plant and slant wells originally approved by the CPUC would produce up to 6.4 million gallons of desalinated water per day. Under the phased approach, the facilities would initially be constructed to produce up to 4.8 million gallons per day of desalinated water, enough to meet anticipated demand through about 2030, and would limit the number of slant wells initially constructed. As demand increases in the future, desalination facilities would be expanded to meet the additional demand. The phased approach seeks to meet near-term demand by allowing for additional supply as it becomes needed, while also providing an opportunity for regional future public participation and was developed by Cal Am based on feedback received from the community.

In November 2022, the Coastal Commission approved the Marina Application and the Original Jurisdiction Application with respect to the phased development of the proposed desalination plant, subject to compliance with a number of conditions, all of which Cal Am expects to satisfy. In December 2022, the City, MCWD, MCWD's groundwater sustainability agency, and the MPWMD jointly filed a petition for writ of mandate in Monterey County Superior Court against the Coastal Commission, alleging that the Coastal Commission violated the California Coastal Act and the California Environmental Quality Act in issuing a coastal development permit to Cal Am for construction of slant wells for the Water Supply Project. Cal Am is named as a real party in interest. On April 24, 2024, the court granted defendants' motion for judgment on the pleadings and dismissed one of MCWD's causes of action in the petition. A trial commenced on December 9, 2024, and further proceedings continued in January 2025. On May 12, 2025, the court entered its final decision denying the petition in full. On July 24, 2025, a notice of appeal was filed in this matter.

Following the issuance of the coastal development permit, Cal Am continues to work constructively with all appropriate agencies to provide necessary information in connection with obtaining the remaining required permits for the Water Supply Project. However, there can be no assurance that the Water Supply Project in its current configuration will be completed on a timely basis, if ever. For the year ended December 31, 2025, Cal Am has complied with the diversion limitations contained in the 2016 Order. Continued compliance with the diversion limitations in 2026 and future years may be impacted by a number of factors, including without limitation potential recurrence of drought conditions in California and the exhaustion of water supply reserves, and will require successful development of alternate water supply sources sufficient to meet customer demand. The Orders remain in effect until Cal Am certifies to the SWRCB, and the SWRCB concurs, that Cal Am has obtained a permanent supply of water to substitute for past unauthorized Carmel River diversions. While the Company cannot currently predict the likelihood or result of any adverse outcome associated with these matters, further attempts to comply with the Orders may result in material additional costs and obligations to Cal Am, including fines and penalties against Cal Am in the event of noncompliance with the Orders.

Cal Am's Action for Damages Following Termination of Regional Desalination Project ("RDP")

In 2010, the CPUC had approved the RDP, which was a precursor to the current Water Supply Project and called for the construction of a desalination facility in the City. The RDP was to be implemented through a Water Purchase Agreement and ancillary agreements (collectively, the "Agreements") among MCWD, Cal Am and the Monterey County Water Resources Agency ("MCWRA"). In 2011, due to a conflict of interest concerning a former member of MCWRA's Board of Directors, MCWRA stated that the Agreements were void, and, as a result, Cal Am terminated the Agreements. In ensuing litigation filed by Cal Am in 2012 to resolve the termination of the RDP, the court in 2015 entered a final judgment agreeing with Cal Am's position that four of the five Agreements are void, and one, the credit line agreement, is not void. As a result of this litigation, Cal Am was permitted to institute further proceedings, discussed below, to determine the amount of damages that may be awarded to Cal Am as a result of the failure of the RDP.

In 2015, Cal Am and MCWRA filed a complaint in San Francisco County Superior Court against MCWD and RMC Water and Environment, a private engineering consulting firm ("RMC"), seeking to recover compensatory, consequential and incidental damages associated with the failure of the RDP, as well as punitive and treble damages, statutory penalties and attorneys' fees. In 2019, MCWD was granted a motion for summary judgment related to the tort claims in the complaint. A settlement as to the non-tort claims was finalized and entered into in March 2020. As part of this settlement, Cal Am's and MCWRA's right to appeal the dismissal of their tort claims against MCWD were expressly reserved, and, in July 2020, Cal Am filed its appeal. In December 2022, the trial court's decision was reversed on appeal with instructions to vacate its prior orders granting MCWD's motions for summary judgment and to enter new orders denying the motions. In February 2023, MCWD filed a petition for review of the appellate decision with the California Supreme Court, which was denied in March 2023. On June 27, 2024, MCWD filed a motion for judgment on the pleadings. Following a hearing, on December 5, 2024, the court granted MCWD's motion without leave to amend, dismissing all of Cal Am's remaining tort claims. Final judgment was entered on January 7, 2025. On February 27, 2025, Cal Am and MCWRA each filed a Notice of Appeal of the trial court's decision. This matter remains pending.

Proposed Acquisition of Monterey System Assets — Potential Condemnation

Local Agency Formation Commission Litigation

The water system assets of Cal Am located in Monterey, California (the "Monterey system assets") are the subject of a condemnation action by the MPWMD stemming from a November 2018 public ballot initiative. In 2019, the MPWMD issued a preliminary valuation and cost of service analysis report, finding in part that (i) an estimate of the Monterey system assets' total value plus adjustments would be approximately $513 million, (ii) the cost of service modeling results indicate significant annual reductions in revenue requirements and projected monthly water bills, and (iii) the acquisition of the Monterey system assets by the MPWMD would be economically feasible. In 2020, the MPWMD certified a final environmental impact report, analyzing the environmental impacts of the MPWMD's project to (i) acquire the Monterey system assets through the power of eminent domain, if necessary, and (ii) expand its geographic boundaries to include all parts of this system.

In February 2021, the MPWMD filed an application with the Local Agency Formation Commission of Monterey County ("LAFCO") seeking approval to become a retail water provider and annex approximately 58 parcels of land into the MPWMD's boundaries. In June 2021, LAFCO's commissioners voted to require a third-party independent financial study as to the feasibility of an acquisition by the MPWMD of the Monterey system assets. In December 2021, LAFCO's commissioners denied the MPWMD's application to become a retail water provider, determining that the MPWMD does not have the authority to proceed with a condemnation of the Monterey system assets. In April 2022, the MPWMD filed a lawsuit against LAFCO challenging its decision to deny the MPWMD's application seeking approval to become a retail water provider. In June 2022, the court granted, with conditions, a motion by Cal Am to intervene in the MPWMD's lawsuit against LAFCO. In December 2022, the court sustained in part, and denied in part, demurrers that had been filed by LAFCO seeking to dismiss the MPWMD's lawsuit.

In December 2023, the Monterey County Superior Court issued a writ of mandate directing LAFCO to vacate and set aside its original denial of the MPWMD's application to serve as a retail water provider (in conjunction with its effort to acquire the Monterey system assets) and, if requested, to re-hear the application in compliance with all applicable law. The court held that LAFCO incorrectly applied two statutory standards and noted a lack of sufficient evidence to support certain of LAFCO's factual findings. As a result, the LAFCO denial has been nullified and LAFCO will be required to hold another hearing on the MPWMD's application upon request. On February 8, 2024, and February 9, 2024, respectively, Cal Am and LAFCO each filed a notice of appeal with the California Court of Appeal regarding the Monterey County Superior Court's decision to issue the writ of mandate. The MPWMD filed a notice of cross-appeal on February 15, 2024. This matter remains pending.

MPWMD Condemnation Action

Separate from the proceedings related to the MPWMD's application with LAFCO, by letter dated October 3, 2022, the MPWMD notified Cal Am of a decision to appraise the Monterey system assets and requested access to a number of Cal Am's properties and documents to assist the MPWMD with such an appraisal. Cal Am responded by letter on October 24, 2022, denying the request for access, stating that the MPWMD does not have the right to appraise Cal Am's system without LAFCO approval to become a retail water provider. In April 2023, Cal Am rejected an offer by the MPWMD to purchase the Monterey system assets for $448.8 million. Over the written and oral objections of Cal Am, at a hearing held in October 2023, the MPWMD adopted a resolution of necessity to authorize it to file an eminent domain lawsuit with respect to the Monterey system assets.

In December 2023, the MPWMD filed a lawsuit against Cal Am in Monterey County Superior Court seeking to condemn the Monterey system assets. On February 26, 2024, Cal Am filed a motion requesting the Monterey County Superior Court dismiss the MPWMD's lawsuit. Cal Am's motion asserted that the MPWMD lacks legal authorization from both the California legislature and LAFCO to become a retail water provider and the lawsuit improperly seeks to effect a taking of property outside the boundaries of the MPWMD's territory. Hearings on the motion were held on May 3, 2024, and August 23, 2024. On November 14, 2024, the court issued a final ruling denying Cal Am's motion to dismiss. Cal Am filed its answer to the complaint on December 13, 2024. On August 20, 2025, Cal Am filed a motion for summary judgment, alleging that without LAFCO approval, the MPWMD does not have legal authority to pursue eminent domain. On the same date, the MPWMD filed a motion for summary adjudication of the same issue, arguing that LAFCO approval is not required to proceed with this action. By orders dated December 29, 2025, the court denied both motions. This lawsuit remains pending.

While the Company cannot currently predict the outcome of the MPWMD's eminent domain lawsuit, the Company believes that, given existing legal authorities and its other defenses, Cal Am should be able to defend itself successfully against this lawsuit.

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in U.S. District Court for the District of South Carolina, against manufacturers of certain per- and polyfluoroalkyl substances (collectively, "PFAS") for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL proceeding have received final approval by the MDL court.

As of March 31, 2026, the Company has received settlement payments from defendants 3M Company, DuPont de Nemours, Inc. and Tyco Fire Products LP totaling $185 million, net of legal fees and administrative costs. The Company is seeking regulatory approval from the respective PUCs to apply the net proceeds of the settlement payments for the benefit of customers, where permissible. As of March 31, 2026, regulatory approvals for such treatment have been obtained with respect to all of the Company's utility subsidiaries that are parties to the MDL for which such treatment is sought, except three, two of which have been denied, and one of which remains pending. When and as received, funds are initially being held in a law firm escrow account prior to distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of March 31, 2026, the funds held in a law firm escrow account totaled $105 million and have been recorded on the Company's Consolidated Balance Sheet within other current assets. A similar amount has been recorded as a regulatory liability. As of March 31, 2026, approximately $79 million of the escrowed funds were transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

Note 12: Earnings per Common Share

Presented in the table below is a reconciliation of the numerator and denominator for the basic and diluted earnings per share ("EPS") calculations:

	For the Three Months Ended March 31,	
	2026	**2025**
Numerator:		
Net income attributable to common shareholders	$ 196	$ 205
Denominator:		
Weighted-average common shares outstanding—Basic	195	195
Effect of dilutive common stock equivalents	—	—
Effect of dilutive forward sale agreements	—	—
Weighted-average common shares outstanding—Diluted	195	195

The effect of dilutive common stock equivalents is related to outstanding restricted stock units ("RSUs") and performance stock units ("PSUs") granted under the Company's 2007 Omnibus Equity Compensation Plan and outstanding RSUs and PSUs granted under the Company's 2017 Omnibus Equity Compensation Plan, as well as estimated shares to be purchased under the Company's 2017 Nonqualified Employee Stock Purchase Plan. Less than one million share-based awards were excluded from the computation of diluted EPS for the three months ended March 31, 2026 and 2025, because their effect would have been anti-dilutive under the treasury stock method.

Dilutive earnings per common share reflects the dilutive impact of potential issuances of shares of common stock associated with the outstanding equity Forward Sale Agreements entered in August 2025. The dilutive effect of equity forwards is determined under the treasury stock method. Share dilution occurs when the average market price of the Company's common stock for the reporting period is higher than the adjusted forward sales price at the end of the reporting period. For the three months ended March 31, 2026, the Forward Sale Agreements had no dilutive effect on EPS.

The if-converted method is applied to the Notes issued in June 2023 for computing diluted EPS. For all periods presented, there was no dilution resulting from the Notes. See Note 7—Long-Term Debt for additional information relating to the Notes.

Note 13: Fair Value of Financial Information

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Current assets and current liabilities—The carrying amounts reported on the Consolidated Balance Sheets for current assets and current liabilities, including revolving credit debt, due to the short-term maturities and variable interest rates, approximate their fair values.

Secured seller promissory note from the sale of the Homeowner Services Group—On February 13, 2026, the Company received payment of all amounts payable under the secured seller promissory note. See Note 5—Mergers, Acquisitions and Divestitures for additional information. As of December 31, 2025, the carrying amount reported on the Consolidated Balance Sheets for the secured seller promissory note was $795 million and the accounting fair value measurement approximated $798 million. The secured seller promissory note was classified as Level 3 within the fair value hierarchy.

Preferred stock with mandatory redemption requirements and long-term debt—The fair values of preferred stock with mandatory redemption requirements and long-term debt are categorized within the fair value hierarchy based on the inputs that are used to value each instrument. The fair value of long-term debt classified as Level 1 is calculated using quoted prices in active markets. Level 2 instruments are valued using observable inputs and Level 3 instruments are valued using observable and unobservable inputs.

Presented in the tables below are the carrying amounts, including fair value adjustments previously recognized in acquisition purchase accounting, and the fair values of the Company's financial instruments:

	As of March 31, 2026				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,260	11,457	1,072	611	13,140

	As of December 31, 2025				
		At Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Preferred stock with mandatory redemption requirements	$ 3	$ —	$ —	$ 3	$ 3
Long-term debt	14,256	11,653	1,065	616	13,334

Recurring Fair Value Measurements

Presented in the tables below are assets and liabilities measured and recorded at fair value on a recurring basis and their level within the fair value hierarchy:

	As of March 31, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 34	$ —	$ —	$ 34
Rabbi trust investments	33	—	—	33
Deposits	114	—	—	114
Other investments:				
Money market and other	28	—	—	28
Fixed-income securities	15	3	—	18
Mark-to-market derivative asset	—	2	—	2
Total assets	224	5	—	229
Liabilities:				
Deferred compensation obligations	37	—	—	37
Mark-to-market derivative liability	—	1	—	1
Total liabilities	37	1	—	38
Total assets	$ 187	$ 4	$ —	$ 191

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Restricted funds	$ 41	$ —	$ —	$ 41
Rabbi trust investments	32	—	—	32
Deposits	124	—	—	124
Other investments:				
Money market and other	20	—	—	20
Fixed-income securities	28	7	—	35
Mark-to-market derivative asset	—	2	—	2
Total assets	245	9	—	254
Liabilities:				
Deferred compensation obligations	38	—	—	38
Total liabilities	38	—	—	38
Total assets	$ 207	$ 9	$ —	$ 216

Restricted funds—The Company's restricted funds primarily represent proceeds received from financings for the construction and capital improvement of facilities and from customers for future services under operation, maintenance and repair projects. Long-term restricted funds of $15 million and $20 million were included in other long-term assets on the Consolidated Balance Sheets as of March 31, 2026, and December 31, 2025, respectively.

Rabbi trust investments—The Company's rabbi trust investments consist of equity and index funds from which supplemental executive retirement plan benefits and deferred compensation obligations can be paid. The Company includes these assets in other long-term assets on the Consolidated Balance Sheets.

Deposits—Deposits include escrow funds and certain other deposits held in trust. The Company includes cash deposits in other current assets on the Consolidated Balance Sheets.

Deferred compensation obligations—The Company's deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. The Company includes such plans in other long-term liabilities on the Consolidated Balance Sheets. The value of the Company's deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on quoted prices for identical assets in active markets.

Mark-to-market derivative assets and liabilities—The Company employs derivative financial instruments in the form of treasury lock agreements, classified as cash flow hedges, in order to fix the interest cost on existing or forecasted debt. The Company uses a calculation of future cash inflows and estimated future outflows, which are discounted, to determine the current fair value. Additional inputs to the present value calculation include the contract terms, counterparty credit risk, interest rates and market volatility. The Company includes mark-to-market derivative assets in other current assets and mark-to-market derivative liabilities in other current liabilities on the Consolidated Balance Sheets.

Other investments—The Company maintains a Voluntary Employees' Beneficiary Association trust for purposes of paying active union employee medical benefits ("Active VEBA"). The investments in the Active VEBA trust primarily consist of money market funds and available-for-sale fixed-income securities.

The money market and other investments have original maturities of three months or less when purchased. The fair value measurement of the money market and other investments is based on quoted prices for identical assets in active markets and therefore included in the recurring fair value measurements hierarchy as Level 1.

The available-for-sale fixed-income securities are primarily investments in U.S. Treasury securities and government bonds. The majority of U.S. Treasury securities and government bonds have been categorized as Level 1 because they trade in highly-liquid and transparent markets. Certain U.S. Treasury securities are based on prices that reflect observable market information, such as actual trade information of similar securities, and are therefore categorized as Level 2, because the valuations are calculated using models which utilize actively traded market data that the Company can corroborate.

As of March 31, 2026, and December 31, 2025, the Company had current assets of $46 million and $55 million, respectively, included in Other on the Consolidated Balance Sheets for other investments measured and recorded at fair value. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and reported in other comprehensive income until realized.

The following tables summarize the unrealized positions for available-for-sale fixed-income securities:

	As of March 31, 2026			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 19	$ —	$ 1	$ 18

	As of December 31, 2025			
	Amortized Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale fixed-income securities	$ 36	$ —	$ 1	$ 35

The fair value of the Company's available-for-sale fixed-income securities, summarized by contractual maturities, as of March 31, 2026, is as follows:

	Amount
Other investments - Available-for-sale fixed-income securities	
1 year - 5 years	$ 10
5 years - 10 years	1
Greater than 10 years	7
Total	$ 18

Note 14: Leases

The Company has operating and finance leases involving real property, including facilities, utility assets, vehicles, and equipment. Certain operating leases have renewal options ranging from one year to 60 years. The exercise of lease renewal options is at the Company's sole discretion. Renewal options that the Company was reasonably certain to exercise are included in the Company's right-of-use ("ROU") assets. Certain operating leases contain the option to purchase the leased property. The operating leases for real property, vehicles and equipment will expire over the next 39 years, four years, and five years, respectively.

The Company participates in a number of arrangements with various public entities ("Partners") in West Virginia. Under these arrangements, the Company transferred a portion of its utility plant to the Partners in exchange for an equal principal amount of Industrial Development Bonds ("IDBs") issued by the Partners under the Industrial Development and Commercial Development Bond Act. The Company leased back the utility plant under agreements for a period of 30 to 40 years. The Company has recorded these agreements as finance leases in property, plant and equipment, as ownership of the assets will revert back to the Company at the end of the lease term. The carrying value of the finance lease assets was $141 million and $142 million as of March 31, 2026, and December 31, 2025, respectively. The Company determined that the finance lease obligations and the investments in IDBs meet the conditions for offsetting, and as such, are reported net on the Consolidated Balance Sheets and are excluded from the lease disclosure presented below.

The Company also enters into O&M agreements with the Partners. The Company pays an annual fee for use of the Partners' assets in performing under the O&M agreements. The O&M agreements are recorded as operating leases, and future annual use fees of $3 million in 2026, $4 million each year in 2027 through 2030 and $33 million thereafter, are included in operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets.

Rental expenses under operating leases were $3 million for the three months ended March 31, 2026 and 2025.

For the three months ended March 31, 2026 and 2025, cash paid for amounts in lease liabilities, which includes operating cash flows from operating leases, were $3 million. For the three months ended March 31, 2026 and 2025, ROU assets obtained in exchange for new operating lease liabilities were $1 million and $3 million, respectively.

As of March 31, 2026, and December 31, 2025, the weighted-average remaining lease term of the operating leases were 18 years, and the weighted-average discount rate of the operating leases were 5%.

The future maturities of lease liabilities as of March 31, 2026, were $8 million in 2026, $10 million in 2027, $8 million in 2028, $8 million in 2029, $7 million in 2030, and $84 million thereafter. As of March 31, 2026, imputed interest was $45 million.

Note 15: Segment Information

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its businesses primarily through one reportable segment, the Regulated Businesses segment. The Regulated Businesses segment also includes inter-segment revenues, costs and interest which are eliminated to reconcile to the Consolidated Statements of Operations.

The Company also operates other businesses, primarily MSG, that do not meet the criteria of a reportable segment in accordance with GAAP and are collectively presented throughout this Form 10-Q within "Other," which is consistent with how management assesses the results of these businesses. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. The adjustments related to the acquisitions are reported in Other as they are excluded from segment performance measures evaluated by management.

The Company's chief operating decision maker is the President and Chief Executive Officer. The chief operating decision maker uses segment net income or loss to evaluate profit generated from segment assets when making decisions about allocating resources. The chief operating decision maker also uses segment net income to monitor budget versus actual results to assess the performance of the segment.

Presented in the tables below is summarized segment information:

	As of or for the Three Months Ended March 31, 2026		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,111	$ 96	$ 1,207
Less:			
Operation and maintenance (a)	417	76	493
Other segment items (b)	66	1	67
Depreciation and amortization	234	3	237
Interest expense	126	37	163
Interest income	(1)	(11)	(12)
Provision for income taxes	61	2	63
Net income (loss) attributable to common shareholders	$ 208	$ (12)	$ 196
Total assets	$ 33,168	$ 2,096	$ 35,264
Cash paid for capital expenditures	$ 657	$ 2	$ 659

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

	As of or for the Three Months Ended March 31, 2025		
	Regulated Businesses	Other	Consolidated
Operating revenues	$ 1,049	$ 93	$ 1,142
Less:			
Operation and maintenance (a)	395	73	468
Other segment items (b)	67	(1)	66
Depreciation and amortization	213	3	216
Interest expense	114	30	144
Interest income	(1)	(21)	(22)
Provision for income taxes	60	5	65
Net income attributable to common shareholders	$ 201	$ 4	$ 205
Total assets	$ 30,288	$ 2,868	$ 33,156
Cash paid for capital expenditures	$ 545	$ 3	$ 548

(a) Significant segment expense.

(b) Other segment items included in segment net income includes General taxes, Non-operating benefit costs, net, and Other income (expense), net, primarily Allowance for other funds used during construction.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the unaudited Consolidated Financial Statements and the Notes thereto included elsewhere in this Form 10-Q, and in the Company's Form 10-K for the year ended December 31, 2025. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about the Company's business, operations and financial performance. The cautionary statements made in this Form 10-Q should be read as applying to all related forward-looking statements whenever they appear in this Form 10-Q. The Company's actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those that are discussed under "Forward-Looking Statements" and elsewhere in this Form 10-Q. The Company has a disclosure committee consisting of members of senior management and other key employees involved in the preparation of the Company's SEC reports. The disclosure committee is actively involved in the review and discussion of the Company's SEC filings.

Overview

American Water is the largest and most geographically diverse, publicly traded water and wastewater utility company in the United States, as measured by both operating revenues and population served. The Company's primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers, collectively presented as the "Regulated Businesses." Services provided by the Company's utilities are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). The Company also operates other businesses not subject to economic regulation by state PUCs that provide water and wastewater services to the U.S. government on military installations, as well as municipalities, collectively presented throughout this Form 10-Q within "Other." See Part I, Item 1—Business in the Company's Form 10-K for additional information.

Financial Results

The following table provides the Company's diluted earnings per share prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and adjusted diluted earnings per share (a non-GAAP measure):

	For the Three Months Ended March 31,	
	2026	2025
Diluted earnings per share (GAAP):		
Net income attributable to shareholders	$ 1.00	$ 1.05
Non-GAAP adjustments:		
Estimated impact of weather	—	—
Income tax impact	—	—
Net non-GAAP adjustment	—	—
Incremental interest income from amended HOS seller note	(0.01)	(0.04)
Income tax impact	—	0.01
Net non-GAAP adjustment	(0.01)	(0.03)
Transaction costs associated with the pending merger with Essential	0.03	—
Income tax impact	(0.01)	—
Net non-GAAP adjustment	0.02	—
Total net adjustments	0.01	(0.03)
Adjusted diluted earnings per share (non-GAAP)	$ 1.01	$ 1.02

For the three months ended March 31, 2026, diluted earnings per share (GAAP) was $1.00, compared to $1.05 per share in the same period in 2025, which includes the net adjustments presented in the table above and discussed in greater detail in the "Adjustments to GAAP" section below. Excluding the net adjustments presented in the table above, adjusted diluted earnings per share (non-GAAP) was $1.01, compared to $1.02 per share in the same period in 2025. Revenue growth through implementation of new rates in the Regulated Businesses from the recovery of capital and acquisition investments was offset by increased operating costs and higher depreciation and financing costs to support the current capital investment plan.

Adjustments to GAAP

Adjusted diluted earnings per share represents a non-GAAP financial measure and, as shown in the table above, is calculated as GAAP diluted earnings per share, excluding the impact of one or more of the following events: (i) estimated impact of weather; (ii) incremental interest income from the February 2, 2024 amendment to the HOS secured seller promissory note (which was repaid in full in February 2026), which increased the aggregate principal amount from $720 million to $795 million and increased the interest rate from 7.00% per year to 10.00% per year; and (iii) transaction costs incurred associated with the proposed merger with Essential. The most directly comparable GAAP measure for adjusted diluted earnings per share is the reported diluted earnings per share (GAAP) and is reconciled in the table above.

The Company believes that this non-GAAP measure provides investors with useful information by excluding certain matters that may not be indicative of its ongoing operating results (or, in the case of weather, that is outside the Company's operational control and is subject to significant period-to-period variability), and that providing this non-GAAP measure will allow investors to better understand the businesses' operating performance and facilitate a meaningful year-to-year comparison of the Company's results of operations and without the estimated impact of weather. Although management uses this non-GAAP financial measure internally to evaluate its results of operations, the Company does not intend results reflected by this non-GAAP measure to represent results as defined by GAAP, and the reader should not consider them as indicators of performance. This non-GAAP financial measure is derived from the Company's consolidated financial information but is not presented in the financial statements prepared in accordance with GAAP. This measure should be considered in addition to, and not as a substitute for, measures of financial performance prepared in accordance with GAAP. In addition, this non-GAAP financial measure as defined and used above, may not be comparable to similarly titled non-GAAP measures used by other companies, and, accordingly, may have significant limitations on its use.

Growth Through Capital Investment in Infrastructure and Regulated Acquisitions

The Company continues to grow its businesses, with the substantial majority of its growth to be achieved in the Regulated Businesses through (i) continued capital investment in the Company's infrastructure to provide safe, clean, reliable and affordable water and wastewater services to its customers, (ii) regulated acquisitions to expand the Company's services to new customers and (iii) organic growth in existing systems. The Company currently plans to invest approximately $3.7 billion in these growth strategies in 2026. During the first three months of 2026, the Company invested $652 million, primarily in the Regulated Businesses, as discussed below.

- $632 million capital investment, primarily in the Regulated Businesses, for infrastructure improvements and replacements; and
- $20 million to fund acquisitions in the Regulated Businesses, which added approximately 4,600 customers.
- Approximately 3,700 new customers were added through organic growth in existing systems.

Excluding the Essential Merger Agreement (as defined below), as of March 31, 2026, the Company had entered into 22 agreements with a total aggregate purchase price of $563 million for pending acquisitions in the Regulated Businesses to add approximately 101,600 additional customers.

Agreement and Plan of Merger with Essential

On October 26, 2025, parent company entered into an Agreement and Plan of Merger with Essential (the "Essential Merger Agreement") to combine the two companies in a stock-for-stock transaction. The Essential Merger Agreement provides that, upon the completion of the proposed merger, Essential's shareholders will receive 0.305 shares of parent company common stock in exchange for each share of Essential common stock eligible for exchange in the merger. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of parent company, which will retain its existing name and remain headquartered in Camden, New Jersey. The Company will continue to maintain substantial operations in Pennsylvania, including Essential's offices in Bryn Mawr and Pittsburgh, Pennsylvania.

Completion of the proposed merger is subject to certain customary conditions, including, among others, the receipt of required approvals from all applicable PUCs (of which Kentucky has already been received) on such terms and conditions that would not, individually or in the aggregate, result in a Burdensome Effect (as defined in the Essential Merger Agreement), and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. There can be no guarantee that all of the closing conditions and approvals will be satisfied, and the failure to complete the proposed merger on a timely basis or at all may adversely affect the Company's financial condition and results of operations. The Company currently estimates that the closing of the proposed merger will occur by the end of the first quarter of 2027. For the three months ended March 31, 2026, $5 million of merger-related costs were included in Operation and maintenance expense in the Consolidated Statements of Operations. As of March 31, 2026, the Company has incurred a total of $18 million of merger-related costs, including costs incurred in 2025.

Purchase and Sale Agreement with Nexus Regulated Utilities, LLC

On May 19, 2025, the Company entered into a Purchase and Sale Agreement (the "Purchase Agreement") with Nexus Regulated Utilities, LLC ("Seller"), a subsidiary of Nexus Water Group, Inc., a privately-held water and wastewater utility. Seller directly owns all of the issued and outstanding equity interests in specified entities (collectively, the "Acquired Entities") that own regulated water and wastewater system assets located in Illinois, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, Tennessee and Virginia. Under the terms of the Purchase Agreement, the Company has agreed to acquire from Seller all of Seller's equity interests in each of the Acquired Entities on a cash-free and debt-free basis. The aggregate purchase price to be paid by the Company will be approximately $315 million in cash, subject to adjustment at closing based on the calculations and criteria provided in the Purchase Agreement. Aggregate rate base that would be acquired at closing is estimated to be approximately $200 million, subject to final determination by the respective PUCs. Based on current connection counts, the Company would add nearly 47,000 customer connections in total to its Regulated Businesses in the eight states above. The Company intends to fund the payment of the final purchase price through its cash flow from operations and its existing sources of liquidity. Closing is subject to certain customary and other conditions, including, among others, the receipt of all required regulatory approvals. The Company currently anticipates that the closing will occur by or before June 30, 2026.

Other Matters

PFAS Multi-District Litigation

Several of the Company's utility subsidiaries are parties to a multi-district litigation (the "MDL") lawsuit, which commenced on December 7, 2018, in the U.S. District Court for the District of South Carolina, against manufacturers of certain PFAS for damages, contribution and reimbursement of costs incurred and continuing to be incurred to address the presence of such PFAS in public water supply systems owned and operated by these utility subsidiaries and throughout their service areas. Settlements with several defendants in the MDL have received final approval by the MDL court.

As of March 31, 2026, the Company has received settlement payments from defendants 3M Company, DuPont de Nemours, Inc. and Tyco Fire Products LP totaling $185 million, net of legal fees and administrative costs. The Company is seeking regulatory approval from the respective PUCs to apply the net proceeds of the settlement payments for the benefit of customers, where permissible. As of March 31, 2026, regulatory approvals for such treatment have been obtained with respect to all of the Company's utility subsidiaries that are parties to the MDL for which such treatment is sought, except three, two of which have been denied, and one of which remains pending. When and as received, funds received by the Company are being held in a law firm escrow account prior to distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of March 31, 2026, approximately $79 million of the escrowed funds were transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during the remainder of 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

Regulatory Matters

General Rate Cases

The table below summarizes the annualized incremental revenues, assuming a constant sales volume and customer count, resulting from general rate case authorizations that became effective during 2026. The amounts include reductions for the amortization of the excess accumulated deferred income taxes ("EADIT") that are generally offset in income tax expense.

(In millions)	Effective Date	Amount
General rate cases by state:		
West Virginia	March 1, 2026	$ 20
Maryland	February 26, 2026	2
California, Attrition Increase (a)	January 1, 2026	14
Total general rate case authorizations		$ 36

(a) The effective annualized incremental revenue increase for the 2026 attrition year was finalized through the standard Advice Letter process with the California Public Utilities Commission in January 2026.

On March 5, 2026, the Public Service Commission of West Virginia issued an amended order that approves the adjustment of the Company's West Virginia subsidiary's base rates requested in a general rate case filed on May 5, 2025. The general rate case order approved an annualized increase of approximately $20 million in water and wastewater system revenues, which excludes previously recovered infrastructure surcharges of approximately $13 million, based on an authorized return on equity of 9.80%, a common equity ratio of 51.00% and a debt ratio of 49.00%. As of March 5, 2026, the West Virginia subsidiary's view of its authorized rate base, which was not stated in the general rate case order, is approximately $1.1 billion. The increased water and wastewater revenues related to this base rate adjustment are being driven primarily by approximately $239 million of related water and wastewater system capital investments made since the completion of the West Virginia subsidiary's previous rate case and through February 2026. The new water and wastewater rates became effective as of March 1, 2026.

On February 26, 2026, the Public Service Commission of Maryland (the "MDPSC") issued an order approving the joint settlement of the general rate case filed on August 1, 2025, by the Company's Maryland subsidiary. A joint stipulation and settlement agreement by and among the Maryland subsidiary, the Office of People's Counsel, and the Staff of the MDPSC was filed with the MDPSC on January 22, 2026. The general rate case order approves a consolidated annualized increase in water revenues of approximately $2 million, with approximately $1 million of the increase to be included in rates effective concurrently with the date of the general rate case order, and the remainder effective January 1, 2027. The Maryland subsidiary's view of its return on equity, common equity ratio and debt ratio (each of which is based on the information included in the general rate case order and the joint stipulation and settlement agreement, but was not disclosed therein), is 9.75%, 52.32% and 47.68%, respectively. The annualized incremental revenue is driven primarily by approximately $22 million of capital investments completed by the Maryland subsidiary since its last general rate case approval in 2019.

On December 5, 2024, the California Public Utilities Commission (the "CPUC") approved a final decision adopting the terms of a partial settlement agreement filed on November 17, 2023, in the Company's California subsidiary's general rate case originally filed on July 1, 2022. Incorporating the then currently effective return on equity of 10.20%, the decision provides incremental annualized water and wastewater revenues of $21 million in the 2024 test year, and an estimated $16 million in the 2025 escalation year and $16 million in the 2026 attrition year. On September 19, 2025, the California subsidiary filed a petition to modify the CPUC order, seeking clarification from the CPUC on the method used to calculate the Conservation Adjustment for Rate Tier Designs ("CART"), specifically for the California subsidiary's Monterey service area. The CART is a ratemaking mechanism that allows the Company to recover, in subsequent periods, a portion of the impact on operating revenues as a result of implementing customer rates structured to promote conservation usage. On October 20, 2025, the California Public Advocate submitted a response opposing the California subsidiary's request and stating the request should instead be addressed in the California subsidiary's pending base rate case. On October 30, 2025, the California subsidiary filed a reply to the California Public Advocate's response, which underscored the need for clarity on the CART calculation. The California subsidiary expects resolution of the petition to modify later in 2026.

Pending General Rate Case Filings

On January 27, 2026, the Company's Illinois subsidiary filed a request with the Illinois Commerce Commission (the "ICC") to adjust its water and wastewater rates. The filing seeks a two-step rate increase in aggregate annualized incremental revenue, based on a proposed return on equity of 10.75%, of (i) approximately $119 million effective January 1, 2027, based on a future test year through December 31, 2027 and a capital structure with an equity component of 52.42% and a debt component of 47.58%, and (ii) approximately $15 million effective January 1, 2028, based on a future test year to include end-of-period rate base and a capital structure with an equity component of 52.74% and a debt component of 47.26%, in each case, exclusive of infrastructure surcharges. The request is driven primarily by approximately $577 million in capital investments made and to be made by the Illinois subsidiary from January 2026 through December 2027. The request must be approved by the ICC.

On January 16, 2026, the Company's New Jersey subsidiary filed a request with the New Jersey Board of Public Utilities (the "NJBPU") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $146 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 55.18% and a debt component of 44.82%. On April 24, 2026, as part of the standard process to update the filing for actual costs incurred, the New Jersey subsidiary filed an update with the NJBPU to its request originally filed on January 16, 2026. The updated request seeks aggregate annualized incremental revenue of approximately $139 million, with the reduction primarily driven by the removal of the impacts of CAMT from rate base as a result of Internal Revenue Service Notice 2026-7 issued in February 2026. The requested annualized incremental revenue is driven primarily by an estimated $1.4 billion of capital investments completed and planned by the New Jersey subsidiary through December 2026. The filing is subject to the approval of the NJBPU.

On November 14, 2025, the Company's Pennsylvania subsidiary filed a request with the Pennsylvania Public Utility Commission (the "PaPUC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenue of approximately $169 million, excluding projected infrastructure surcharges of approximately $19 million. The request is based on a proposed return on equity of 10.95% and a capital structure with an equity component of 55.33%. The requested annualized incremental revenue is driven primarily by an estimated $1.2 billion of capital investments completed or planned to be completed from June 2025 through mid-2027. The rate request is subject to approval by the PaPUC, and new rates would be expected to take effect in August 2026.

On November 3, 2025, the Company's Virginia subsidiary filed a request with the Virginia State Corporation Commission (the "SCC") to adjust its water and wastewater rates. The request seeks aggregate annualized incremental revenues of approximately $22 million and is based on a proposed return on equity of 10.75% and a capital structure with an equity component of 51.79%. The requested annualized incremental revenue is driven primarily by an estimated $115 million of capital investments completed and planned by the Virginia subsidiary from May 2025 through April 2027. The filing is subject to the approval of the SCC. Interim rates will be effective May 2, 2026, with the difference between interim and final approved rates subject to refund to customers.

On July 1, 2025, the Company's California subsidiary filed an application with the CPUC to set new water and wastewater rates in each of its service areas for 2027 through 2029. On October 13, 2025, the California subsidiary filed its 100-day update for the same proceeding and updated the request to $62 million compared to authorized 2025 revenue, and a total increase in revenue over the 2027 to 2029 period of $110 million. Subsequent to the filing of the update, the California subsidiary adjusted its authorized rates effective January 1, 2026, which revised its net increase proposed for the test year 2027 to $51 million above 2026 expected revenues. The requested annualized incremental revenue is driven primarily by approximately $750 million of capital investments completed and planned by the California subsidiary through 2025 to 2028. If approved by the CPUC, the new rates would take effect on January 1, 2027. The application also requests approval of a Fixed Cost Recovery Account, which is intended to be a full decoupling mechanism that would allow the California subsidiary to recover authorized fixed costs, regardless of sales volume, while also providing incentives, via progressive conservation-oriented rate design, for customers to use water more efficiently.

Infrastructure Surcharges

A number of states have authorized the use of regulatory mechanisms that permit rates to be adjusted outside of a general rate case for certain costs and investments, such as infrastructure surcharge mechanisms that permit recovery of capital investments to replace aging infrastructure. Presented in the table below are annualized incremental revenues, assuming a constant sales volume and customer count, resulting from infrastructure surcharge authorizations that became effective during 2026:

(In millions)	Effective Date	Amount
Infrastructure surcharges by state:		
Pennsylvania	(a)	$ 18
Indiana	March 18, 2026	15
West Virginia	March 1, 2026	2
Missouri	March 1, 2026	13
Illinois	January 1, 2026	5
Total infrastructure surcharge authorizations		$ 53

(a) In 2026, $11 million was effective January 1 and $7 million was effective April 1.

Pending Infrastructure Surcharge Filings

On March 3, 2026, the Company's Missouri subsidiary filed an infrastructure surcharge proceeding requesting $18 million in additional annualized revenues.

Consolidated Results of Operations

Presented in the table below are the Company's consolidated results of operations:

	For the Three Months Ended March 31,	
(In millions)	**2026**	**2025**
Operating revenues	$ 1,207	$ 1,142
Operating expenses:		
Operation and maintenance	493	468
Depreciation and amortization	237	216
General taxes	86	87
Total operating expenses, net	816	771
Operating income	391	371
Other (expense) income:		
Interest expense	(163)	(144)
Interest income	12	22
Non-operating benefit costs, net	5	4
Other, net	14	17
Total other (expense) income	(132)	(101)
Income before income taxes	259	270
Provision for income taxes	63	65
Net income attributable to common shareholders	$ 196	$ 205

Segment Results of Operations

The Company's operating segments are comprised of its businesses which generate revenue, incur expense and have separate financial information which is regularly used by the chief operating decision maker to make operating decisions, assess performance and allocate resources. The Company operates its business primarily through one reportable segment, the Regulated Businesses segment. Other, primarily includes MSG, which does not meet the criteria of a reportable segment in accordance with GAAP. Other also includes corporate costs that are not allocated to the Company's Regulated Businesses, interest income related to the secured seller promissory note from the sale of HOS, income from assets not associated with the Regulated Businesses, eliminations of inter-segment transactions and fair value adjustments related to acquisitions that have not been allocated to the Regulated Businesses segment. This presentation is consistent with how management assesses the results of these businesses.

Regulated Businesses Segment

Presented in the table below is financial information for the Regulated Businesses:

	For the Three Months Ended March 31,	
(In millions)	**2026**	**2025**
Operating revenues	$ 1,111	$ 1,049
Operation and maintenance	417	395
Depreciation and amortization	234	213
General taxes	82	81
Other (expense) income	(109)	(99)
Provision for income taxes	61	60
Net income attributable to common shareholders	$ 208	$ 201

Operating Revenues

Presented in the tables below is information regarding the main components of the Regulated Businesses' operating revenues:

(In millions)	For the Three Months Ended March 31, 2026	2025
Water services:		
Residential	$ 593	$ 560
Commercial	229	212
Fire service	48	45
Industrial	48	45
Public and other	70	67
Total water services	988	929
Wastewater services:		
Residential	74	68
Commercial	22	18
Industrial	2	5
Public and other	9	10
Total wastewater services	107	101
Other (a)	16	19
Total operating revenues	$ 1,111	$ 1,049

(a) Includes other operating revenues consisting primarily of alternative revenue programs, miscellaneous utility charges, fees and rents.

(Gallons in millions)	For the Three Months Ended March 31, 2026	2025
Billed water services volumes:		
Residential	34,511	34,691
Commercial	17,553	17,197
Industrial	9,160	8,654
Fire service, public and other	11,952	12,392
Total billed water services volumes	73,176	72,934

For the three months ended March 31, 2026, operating revenues increased $62 million primarily due to increases of $56 million from authorized rate increases, including infrastructure surcharges, principally to recover infrastructure investment in various states and a $6 million increase from water and wastewater acquisitions, as well as organic growth in existing systems.

Operation and Maintenance

Presented in the table below is information regarding the main components of the Regulated Businesses' operation and maintenance expense:

(In millions)	For the Three Months Ended March 31, 2026	2025
Employee-related costs	$ 153	$ 149
Production costs	117	106
Operating supplies and services	76	72
Maintenance materials and supplies	28	29
Customer billing and accounting	24	20
Other	19	19
Total operation and maintenance expense	$ 417	$ 395

For the three months ended March 31, 2026, operation and maintenance expense increased $22 million due to increased production costs primarily from higher purchased water cost and usage and increased purchased power and chemicals costs. In addition, operation and maintenance expense was higher due to increased employee-related costs, increased customer billing and accounting costs from an increase in customer uncollectible expense and increased operating supplies and services costs primarily from higher technology related costs.

Depreciation and Amortization

For the three months ended March 31, 2026, depreciation and amortization increased $21 million primarily due to additional utility plant placed in service from capital infrastructure investments.

Other Expenses

For the three months ended March 31, 2026, other expenses increased $10 million primarily due to higher interest expense from the issuance of incremental long-term debt.

Provision for Income Taxes

For the three months ended March 31, 2026, the Regulated Businesses' provision for income taxes increased $1 million. The Regulated Businesses' effective income tax rate was 22.7% and 23.0% for the three months ended March 31, 2026 and 2025, respectively.

Other

Presented in the table below is information for Other:

	For the Three Months Ended March 31,	
(In millions)	**2026**	**2025**
Operating revenues	$ 96	$ 93
Operation and maintenance	76	73
Depreciation and amortization	3	3
General taxes	4	6
Interest expense	(37)	(30)
Interest income	11	21
Other income	3	7
Provision for income taxes	2	5
Net (loss) income attributable to common shareholders	$ (12)	$ 4

Interest expense

For the three months ended March 31, 2026, interest expense increased $7 million primarily due to the issuance of incremental long-term debt in the prior period.

Interest income

For the three months ended March 31, 2026, interest income decreased $10 million primarily due to the repayment of the secured seller promissory note in February 2026. See Note 5—Mergers, Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information.

Legislative Updates

During 2026, the Company's regulatory jurisdictions enacted the following legislation that has been approved but is not yet effective as of April 29, 2026:

- Indiana passed Senate Bill 241, which enables water and wastewater utilities to recover certain power and chemical costs if they rise or decrease within a 3% margin after a two-year period from the date of the eligible utility's most recent rate case order. Legislation was signed by the Governor on March 6, 2026, and will become effective on July 1, 2026.
- Iowa passed Senate File 2304, which authorizes the Iowa Utilities Commission to approve alternative ratemaking mechanisms allowing investor-owned water and wastewater utilities to timely adjust rates for costs associated with qualifying system enhancement infrastructure investments outside of traditional rate cases. Legislation is awaiting action by the Governor and will become effective on July 1, 2026.

- Maryland passed House Bill 1164, which authorizes the MDPSC to extend existing limited-income customer assistance provisions to water and sewage disposal companies, authorizes the adoption of MDPSC approved limited-income mechanisms and requires the MDPSC to study the feasibility of mandating such mechanisms for these utilities. Legislation is awaiting action by the Governor and will become effective on July 1, 2026.
- Virginia passed House Bill 770, which allows a public utility engaged in the business of furnishing water or sewerage facilities to propose, and the SCC to approve, rates and tariff provisions that provide discounted service to customers with an annual household income equal to or less than 200 percent of the federal poverty level. The discounted service program may include a tiered discount structure, and the utility may recover the costs of providing such discounted service through its base and general rates for service. Legislation was signed by the Governor on April 6, 2026, and will become effective on January 1, 2027.

Condemnation and Eminent Domain

All or portions of the Regulated Businesses' utility assets could be acquired by state, municipal or other government entities through one or more of the following methods: (i) eminent domain (also known as condemnation); (ii) the right of purchase given or reserved by a municipality or political subdivision when the original certificate of public convenience and necessity ("CPCN") was granted; and (iii) the right of purchase given or reserved under the law of the state in which the utility subsidiary was incorporated or from which it received its CPCN. The acquisition consideration related to such a proceeding initiated by a local government may be determined consistent with applicable eminent domain law or may be negotiated or fixed by appraisers as prescribed by the law of the state or the jurisdiction of the particular CPCN.

As such, the Regulated Businesses are periodically subject to condemnation proceedings in the ordinary course of business. For example, the Monterey system assets of Cal Am are the subject of a condemnation lawsuit filed by the Monterey Peninsula Water Management District (the "MPWMD") stemming from a November 2018 public ballot initiative. For more information on this matter, see Note 11—Commitments and Contingencies—Proposed Acquisition of Monterey System Assets — Potential Condemnation in the Notes to Consolidated Financial Statements.

Furthermore, the law in certain jurisdictions in which the Regulated Businesses operate provides for eminent domain rights allowing private property owners to file a lawsuit to seek just compensation against a public utility, if a public utility's infrastructure has been determined to be a substantial cause of damage to that property. In these actions, the plaintiff would not have to prove that the public utility acted negligently. In California, for example, lawsuits have been filed in connection with large-scale natural events such as wildfires. Some of these lawsuits have included allegations that infrastructure of certain utilities triggered the natural event that resulted in damage to the property. In some cases, the PUC has allowed certain costs or losses incurred by the utility to be recovered from customers in rates, but in other cases such recovery in rates has been disallowed. Also, the utility may have obtained insurance that could respond to some or all of such losses, although the utility would be at risk for any losses not ultimately subject to rate or insurance recovery or losses that exceed the limits of such insurance.

Tax Matters

On February 18, 2026, the Internal Revenue Service issued Notice 2026-7, providing additional CAMT guidance that, among other changes, allows tax repairs to be deducted when calculating the CAMT liability and allows retroactive reliance for companies to file amended returns and recover CAMT already paid. As a result of this guidance, the Company does not expect to be in a CAMT liability position. As of March 31, 2026, previously recorded current and deferred tax amounts relating to CAMT have been adjusted in the Company's Consolidated Financial Statements to reflect the revised calculation and refund claim status including the reversal of the $200 million CAMT credit carryforward outstanding as of December 31, 2025. Also, as of March 31, 2026, the Company recognized additional uncertain tax liabilities of $50 million and interest of $2 million, as the CAMT credit carryforward is no longer available for offset. The Company will continue to evaluate CAMT applicability on a prospective basis.

Liquidity and Capital Resources

For a general overview of the sources and uses of capital resources, see the introductory discussion in Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources in the Company's Form 10-K.

Liquidity needs for capital investment, working capital and other financial commitments are generally funded through cash flows from operations, public and private debt offerings, issuances of commercial paper and equity and, if and to the extent necessary, borrowings under the revolving credit facility of American Water Capital Corp ("AWCC"), the Company's wholly owned finance subsidiary.

The Company expects to fund future maturities of long-term debt through a combination of external debt and, to the extent available, cash flows from operations. Since the Company expects its capital investments over the next few years to be greater than its cash flows from operating activities, the Company currently plans to fund the excess of its capital investments over its cash flows from operating activities for the next five years through a combination of long-term debt and equity issuances, in addition to the remaining proceeds from the sale of HOS, all of which were received as of February 13, 2026. See Note 5—Mergers, Acquisitions and Divestitures—Secured Seller Promissory Note from the Sale of Homeowner Services Group, in the Notes to Consolidated Financial Statements for additional information. If necessary, the Company may delay certain capital investments or other funding requirements or pursue financing from other sources to preserve liquidity. In this event, the Company believes it can rely upon cash flows from operations to meet its obligations and fund its minimum required capital investments for an extended period of time.

On April 1, 2026, AWCC completed the sale of $700 million aggregate principal amount of its 5.200% Senior Notes due 2036. At the closing of this offering, AWCC received, after deduction of underwriting discounts and before deduction of offering expenses, net proceeds of approximately $695 million. AWCC intends to use the net proceeds of the offering (i) to lend funds to American Water and the Regulated Businesses; (ii) to repay commercial paper obligations of AWCC; and (iii) for general corporate purposes.

In August 2025, the Company entered into separate forward sale agreements (the "Forward Sale Agreements") with several forward purchasers relating to an aggregate of 8,098,592 shares of the Company's common stock at an initial forward price of $139.657 per share, which is equal to the price to public per share less an underwriting discount. Each Forward Sale Agreement will be physically settled unless the Company elects to settle such Forward Sale Agreement in cash or to net share settle such Forward Sale Agreement (which the Company has the right to do, subject to certain conditions, other than in the limited circumstances set forth in the Forward Sale Agreements). The Forward Sale Agreements provide for settlement on a settlement date or dates to be specified at the Company's discretion on or prior to December 31, 2026. To the extent the Forward Sale Agreements are physically settled, the Company will issue common stock to the forward purchasers and receive cash proceeds based on the applicable forward sale price on the settlement date as defined in the Forward Sale Agreements.

As of March 31, 2026, the Company did not receive any proceeds from the sale of its common stock connected to the Forward Sale Agreements. The Company estimates that it will receive total net proceeds of approximately $1,131 million, before deducting estimated offering expenses, subject to the price adjustment and other provisions of the Forward Sale Agreements, in the event of full physical settlement of all of the Forward Sale Agreements. The Company intends to use any net cash proceeds that it may receive upon a settlement of the Forward Sale Agreements for general corporate purposes. The Forward Sale Agreements were classified as equity transactions because they are indexed to the Company's common stock and physical settlement is within the Company's control.

On June 29, 2023, AWCC issued $1,035 million aggregate principal amount of 3.625% Exchangeable Senior Notes due 2026 (the "Exchangeable Notes"). The Exchangeable Notes will mature on June 15, 2026, unless earlier exchanged or repurchased, and are included in Current portion of long-term debt on the Consolidated Balance Sheets.

AWCC's revolving credit facility provides $2.75 billion in aggregate total commitments from a diversified group of financial institutions. The revolving credit facility is used principally to support AWCC's commercial paper program, to provide additional liquidity support, and to provide a sub-limit for the issuance of up to $150 million in letters of credit. The maximum aggregate principal amount of short-term borrowings authorized for issuance under AWCC's commercial paper program is $2.6 billion. Subject to satisfying certain conditions, the credit agreement permits AWCC to increase the maximum commitment by up to an aggregate of $500 million.

Presented in the tables below are the aggregate credit facility commitment, commercial paper limit and letter of credit availability under the revolving credit facility, as well as the available capacity for each:

	As of March 31, 2026		
(In millions)	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,367)	(84)	(1,451)
Remaining availability as of March 31, 2026	$ 1,233	$ 66	$ 1,299

(a) Total remaining availability of $1.3 billion as of March 31, 2026, was accessible through revolver draws.

(In millions)	As of December 31, 2025		
	Commercial Paper Limit	Letters of Credit	Total (a)
Total availability	$ 2,600	$ 150	$ 2,750
Outstanding debt	(1,590)	(84)	(1,674)
Remaining availability as of December 31, 2025	$ 1,010	$ 66	$ 1,076

(a) Total remaining availability of $1.1 billion as of December 31, 2025, was accessible through revolver draws.

Presented in the table below is the Company's total available liquidity as of March 31, 2026, and December 31, 2025, respectively:

(In millions)	Cash and Cash Equivalents	Availability on Revolving Credit Facility	Total Available Liquidity
Available liquidity as of March 31, 2026	$ 137	$ 1,299	$ 1,436
Available liquidity as of December 31, 2025	$ 98	$ 1,076	$ 1,174

The weighted-average interest rate on AWCC's outstanding short-term borrowings was approximately 4.07% and 3.89% at March 31, 2026, and December 31, 2025, respectively.

The Company believes that its ability to access the debt and equity capital markets, the revolving credit facility and cash flows from operations will generate sufficient cash to fund the Company's short-term requirements. The Company believes it has sufficient liquidity and the ability to manage its expenditures, should there be a disruption of the capital and credit markets. However, there can be no assurance that the lenders will be able to meet existing commitments to AWCC under the revolving credit facility, or that AWCC will be able to access the commercial paper or loan markets in the future on acceptable terms or at all. See Note 8—Short-Term Debt in the Notes to Consolidated Financial Statements for additional information.

As of March 31, 2026, the Company had entered into five treasury lock agreements, with a term of 30 years and an aggregate notional amount totaling $175 million, to reduce interest rate exposure on expected future debt issuances. These treasury lock agreements terminate in September 2026 and have an average fixed interest rate of 4.86%. The Company designated these treasury lock agreements as cash flow hedges, with their fair value recorded in accumulated other comprehensive gain or loss.

In March 2026, the Company terminated 10 treasury lock agreements designated as cash flow hedges, with a term of 10 years and an aggregate notional amount totaling $600 million, realizing a pre-tax net gain of $3 million recorded in accumulated other comprehensive income. The gain will be amortized through Interest expense over a 10-year period, in accordance with the tenor of the notes issued on April 1, 2026.

No ineffectiveness was recognized on hedging instruments for the three months ended March 31, 2026 or 2025.

Cash Flows from Operating Activities

Cash flows from operating activities primarily result from the sale of water and wastewater services and, due to the seasonality of demand, are generally greater during the warmer months. Presented in the table below is a summary of the major items affecting the Company's cash flows from operating activities:

	For the Three Months Ended March 31,	
(In millions)	**2026**	**2025**
Net income	$ 196	$ 205
Add (less):		
Depreciation and amortization	237	216
Deferred income taxes and amortization of investment tax credits	231	16
Other non-cash activities (a)	—	(13)
Changes in assets and liabilities (b)	(348)	(82)
Pension contributions	(11)	(11)
Net cash provided by operating activities	$ 305	$ 331

(a) Includes provision for losses on accounts receivable, pension and non-pension postretirement benefits and other non-cash, net.

(b) Changes in assets and liabilities include changes to receivables and unbilled revenues, income tax receivable, accounts payable and accrued liabilities, accrued taxes and other assets and liabilities, net.

For the three months ended March 31, 2026, cash flows provided by operating activities decreased $26 million, due to normal business operations, primarily relating to changes in receivables and unbilled revenues, accounts payable and accrued liabilities and other assets and liabilities. As a result of Notice 2026-7 issued by the Internal Revenue Service, previously recorded current and deferred tax amounts relating to CAMT have been adjusted and offset in Deferred income taxes and amortization of investment tax credits and changes in assets and liabilities.

Cash Flows from Investing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from investing activities:

	For the Three Months Ended March 31,	
(In millions)	**2026**	**2025**
Capital expenditures	$ (659)	$ (548)
Acquisitions, net of cash acquired	(20)	(3)
Proceeds from secured seller promissory note from the sale of the Homeowner Services Group	795	—
Removal costs from property, plant and equipment retirements, net	(40)	(29)
Purchases of available-for-sale fixed-income securities	—	(27)
Proceeds from sales and maturities of available-for-sale fixed-income securities	17	39
Net cash provided by (used in) investing activities	$ 93	$ (568)

For the three months ended March 31, 2026, cash flows provided by investing activities increased $661 million, primarily due to proceeds from the HOS secured seller promissory note repaid in February 2026, partially offset by increased payments for capital expenditures. The Company currently plans to invest approximately $3.7 billion on growth through capital investment in infrastructure and acquisitions in the Regulated Businesses in 2026.

Cash Flows from Financing Activities

Presented in the table below is a summary of the major items affecting the Company's cash flows from financing activities:

(In millions)	For the Three Months Ended March 31, 2026	2025
Proceeds from long-term debt, net of discount	$ 7	$ 810
Repayments of long-term debt	(3)	(531)
Net short-term (repayments) borrowings with original maturities less than three months	(222)	120
Debt issuance costs	—	(5)
Dividends paid	(162)	(149)
Other financing activities, net (a)	14	9
Net cash (used in) provided by financing activities	$ (366)	$ 254

(a) Includes proceeds from issuances of common stock under various employee stock plans and the Company's dividend reinvestment and direct stock purchase plan, net of taxes paid, and advances and contributions in aid of construction, net of refunds.

For the three months ended March 31, 2026, cash flows used in financing activities increased $620 million, primarily due to lower issuances of long-term debt, net repayments of short-term commercial paper compared to net borrowings in the prior period and higher dividend payments, partially offset by lower repayments of long-term debt.

Debt Covenants

The Company's debt agreements contain financial and non-financial covenants. To the extent that the Company is not in compliance with these covenants, an event of default may occur under one or more debt agreements and the Company, or its subsidiaries, may be restricted in its ability to pay dividends, issue new debt or access the revolving credit facility. The long-term debt indentures contain a number of covenants that, among other things, prohibit or restrict the Company from issuing debt secured by the Company's assets, subject to certain exceptions. Failure to comply with any of these covenants could accelerate repayment obligations.

Covenants in certain long-term notes and the revolving credit facility require the Company to maintain a ratio of consolidated debt to consolidated capitalization (as defined in the relevant documents) of not more than 0.70 to 1.00. On March 31, 2026, the Company's ratio was 0.59 to 1.00 and therefore the Company was in compliance with the covenants.

Security Ratings

Presented in the table below are long-term and short-term credit ratings and rating outlooks as of April 29, 2026, as issued by Moody's Ratings on January 29, 2026, and S&P Global Ratings on June 6, 2025:

Securities	Moody's Ratings	S&P Global Ratings
Rating outlook	Stable	Stable
Senior unsecured debt	Baa1	A
Commercial paper	P-2	A-1

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independently of any other rating. Security ratings are highly dependent upon the ability to generate cash flows in an amount sufficient to service debt and meet investment plans. The Company can provide no assurances that its ability to generate cash flows is sufficient to maintain its existing ratings. The Company does not have any material borrowings that are subject to default or prepayment as a result of the downgrading of these security ratings, although such a downgrading could increase fees and interest charges under its credit facility.

As part of its normal course of business, the Company routinely enters into contracts for the purchase and sale of water, power and other fuel, chemicals and other services. These contracts either contain express provisions or otherwise permit the Company and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contract law, if the Company is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include a demand that the Company must provide collateral to secure its obligations. The Company does not expect to post any collateral which will have a material adverse impact on the Company's results of operations, financial position or cash flows.

Access to the capital markets, including the commercial paper market, and respective financing costs in those markets, may be directly affected by the Company's securities ratings. The Company primarily accesses the debt capital markets, including the commercial paper market, through AWCC. However, the Company has also issued debt through its regulated subsidiaries, primarily in the form of mortgage bonds and tax-exempt securities or borrowings under state revolving funds, to lower the overall cost of debt.

Dividends

For discussion of the Company's dividends, see Note 6—Shareholders' Equity in the Notes to Consolidated Financial Statements for additional information.

Application of Critical Accounting Policies and Estimates

The financial condition of the Company, results of operations and cash flows, as reflected in the Company's Consolidated Financial statements, are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. See Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates in the Company's Form 10-K for a discussion of its critical accounting policies. There have been no material changes to the Company's critical accounting estimates since the filing of the Company's Form 10-K. Additionally, see Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for updates, if any, to the significant accounting policies previously disclosed in the Company's Form 10-K.

Recent Accounting Standards

See Note 2—Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of new accounting standards recently adopted or pending adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in the normal course of business, including changes in commodity prices, equity prices and interest rates. For further discussion of its exposure to market risk, see Part II, Item 7A—Quantitative and Qualitative Disclosures about Market Risk in the Company's Form 10-K. There have been no significant changes to the Company's exposure to market risk since December 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

American Water maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2026.

Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2026, the Company's disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

The Company concluded that there have been no changes in internal control over financial reporting that occurred during the three months ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The following information updates and amends the information provided in the Company's Form 10-K in Item 3—Legal Proceedings. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Company's Form 10-K and Form 10-Q. In accordance with the SEC's disclosure rules, the Company has elected to disclose environmental proceedings involving the Company and a governmental authority if the amount of potential monetary sanctions, exclusive of interest and costs, that the Company reasonably believes will result from such proceeding is $1 million or more.

Alternative Water Supply in Lieu of Carmel River Diversions

Monterey Peninsula Water Supply Project

Approvals for Use of Outfall for Water Supply Project Brine Discharge (formerly Regional Water Quality Control Board Approval of NPDES Permit Amendment)

On March 30, 2026, Monterey One Water, owner of the outfall through which the Water Supply Project proposes to discharge brine, approved the submission of an application to the Coastal Commission for a coastal development permit to construct modifications to the outfall to accommodate the brine.

Dunbar, West Virginia Class Action Litigation Settlement

The deadline for claims submissions in this matter was August 25, 2025, and on October 10, 2025, WVAWC made its payments for attorney fees, costs and other expenses under the court's order granting final approval of the class settlement.

Mountaineer Gas Company Main Break

On November 14, 2025, the *Ruffin and Toliver* plaintiffs jointly filed for class certification, and a hearing on that motion was held on April 17, 2026. The court also ordered mediation, which took place in March 2026 and was unsuccessful. There is currently no trial date set for these class action lawsuits.

PFAS Multi-District Litigation

As of March 31, 2026, the Company has received settlement payments from defendants 3M Company. DuPont de Nemours, Inc. and Tyco Fire Products LP totaling $185 million, net of legal fees and administrative costs. The Company is seeking regulatory approval from the respective PUCs to apply the net proceeds of the settlement payments for the benefit of customers, where permissible. As of March 31, 2026, regulatory approvals for such treatment have been obtained with respect to all of the Company's utility subsidiaries that are parties to the MDL for which such treatment is sought, except three, two of which have been denied, and one of which remains pending. When and as received, funds received by the Company are being held in a law firm escrow account prior to distribution to the Company's utility subsidiaries that are parties to the MDL after approval or denial is received from the applicable PUCs. As of March 31, 2026, approximately $79 million of the escrowed funds were transferred from the law firm escrow account for distribution to utility subsidiaries that have received approval. The Company anticipates that, during the remainder of 2026, it may receive one or more additional settlement payments from the defendants in the MDL.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, readers should carefully consider the factors discussed in Item 1A—Risk Factors in the Form 10-K, and in the Company's other filings with the SEC, which could materially affect the Company's business, financial condition, cash flows or future results. There have been no material changes from the risk factors previously disclosed in Item 1A—Risk Factors in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In February 2015, the Board of Directors authorized an anti-dilutive stock repurchase program to mitigate the dilutive effect of shares issued through the Company's dividend reinvestment and direct stock purchase plan and employee stock purchase and executive compensation activities. The program allows the Company to purchase up to 10 million shares of its outstanding common stock over an unrestricted period of time in the open market or through privately negotiated transactions. The program is conducted in accordance with Rule 10b-18 of the Exchange Act, and, to facilitate these repurchases, the Company enters into Rule 10b5-1 stock repurchase plans with a third-party broker, which allow the Company to repurchase shares of its common stock at times when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Subject to applicable regulations, the Company may elect to amend or cancel the program or the stock repurchase parameters at its discretion to manage dilution.

The Company did not repurchase shares of common stock during the three months ended March 31, 2026. From April 1, 2015, the date repurchases under the anti-dilutive stock repurchase program commenced, through March 31, 2026, the Company repurchased an aggregate of 4,860,000 shares of common stock under the program, leaving an aggregate of 5,140,000 shares available for repurchase under this program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2026, none of the Company's directors or "officers" (as such term is defined in Rule 16a-1(f) promulgated under the Exchange Act) adopted or terminated (i) any contract, instruction or written plan for the purchase or sale of the Company's securities, intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) promulgated under the Exchange Act or (ii) any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1#	Membership Interest Purchase Agreement, dated as of October 28, 2021, by and among American Water Enterprises, LLC, American Water (USA), LLC, American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Works Company, Inc. and Lakehouse Buyer Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 29, 2021).
2.2#	Purchase and Sale Agreement, dated as of May 19, 2025, between Nexus Regulated Utilities, LLC and American Water Works Company, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed May 19, 2025).
2.3#	Agreement and Plan of Merger, dated as of October 26, 2025, by and among American Water Works Company, Inc., Alpha Merger Sub, Inc., and Essential Utilities, Inc. (incorporated by reference to Exhibit 2.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed October 27, 2025).
3.1	Restated Certificate of Incorporation of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to American Water Works Company, Inc.'s Quarterly Report on Form 10-Q, File No. 001-34028, filed November 6, 2008).
3.2	Amended and Restated Bylaws of American Water Works Company, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, File No. 001-34028, filed December 8, 2022).
4.1	Indenture, dated as of December 4, 2009, between American Water Capital Corp. and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed December 3, 2010).
4.2	Officers' Certificate of American Water Capital Corp., dated April 1, 2026, establishing the 5.200% Senior Notes due 2036 (incorporated by reference to Exhibit 4.1 to American Water Works Company Inc.'s Current Report on Form 8-K, File No. 001-34028, filed April 1, 2026).

Exhibit Number	Exhibit Description
10.1#	Amendment No. 1 to Secured Seller Note Agreement, dated as of February 2, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.1.2 to American Water Works Company, Inc.'s Current Report on Form 8-K, File No. 001-34028, filed February 5, 2024).
10.2	Amendment No. 2 to Secured Seller Note Agreement, dated as of December 3, 2024, by and among Lakehouse Bidco Inc., Lakehouse Buyer Inc., American Water Resources, LLC, Pivotal Home Solutions, LLC, American Water Resources Holdings, LLC, American Water Resources of Texas, LLC, American Water Resources of Florida, LLC, and American Water Enterprises, LLC (incorporated by reference to Exhibit 10.20.3 to American Water Works Company, Inc.'s Annual Report on Form 10-K, File No. 001-34028, filed February 19, 2025).
*10.3	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Restricted Stock Unit Grant.
*10.4	Form of American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Restricted Stock Unit Grant (for CEO, COO and CFO).
*10.5	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form A-1.
*10.6	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form A-2 (for CEO, COO and CFO).
*10.7	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form B-1.
*10.8	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form B-2 (for CEO, COO and CFO).
*10.9	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form C-1.
*10.10	American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan 2026 Performance Stock Unit Grant Form C-2 (for CEO, COO and CFO).
*22.1	Guaranteed Securities.
*31.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
*31.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act.
**32.1	Certification of John C. Griffith, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
**32.2	Certification of David M. Bowler, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

Certain schedules and exhibits to this agreement have been omitted as permitted by rules or regulations of the SEC. The Company will furnish the omitted schedules and exhibits to the SEC upon request.

* Filed herewith.

** Furnished herewith.

The Membership Interest Purchase Agreement filed as Exhibit 2.1, the Purchase and Sale Agreement filed as Exhibit 2.2, the Agreement and Plan of Merger filed as Exhibit 2.3, and Amendment No. 1 and Amendment No. 2 to the Secured Seller Note Agreement filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Quarterly Report on Form 10-Q, have been included to provide investors and security holders with information regarding the terms of the respective agreements. The filing of these agreements is not intended to provide any other factual information about the parties thereto, or any of their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the respective agreements (i) were made by the parties thereto only for purposes of that respective agreement and as of specific dates; (ii) were made solely for the benefit of the parties to the respective agreement; (iii) may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the respective agreement (such disclosures include information that has been included in public disclosures, as well as additional non-public information); (iv) may have been made for the purposes of allocating contractual risk between the parties to the respective agreements instead of establishing these matters as facts; and (v) may be subject to standards of materiality applicable to the contracting parties to the respective agreements that differ from those applicable to investors.

Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the parties to the respective agreements thereto, or any of their respective subsidiaries or affiliates. Additionally, the representations, warranties, covenants, conditions and other terms of the respective agreements may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the respective agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The respective agreements should not be read alone, but should instead be read in conjunction with the other information regarding the Company that is or will be contained in, or incorporated by reference into, the reports and other documents that are filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 29th day of April, 2026.

AMERICAN WATER WORKS COMPANY, INC.
(REGISTRANT)

By /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ MELISSA K. WIKLE
Melissa K. Wikle
Senior Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.3

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2026 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraph (c) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant continues to be

employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2027	1/3
January 31, 2028	1/3
January 31, 2029	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2029, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraph (c) below, if at any time prior to January 31, 2029, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If at any time prior to January 31, 2029, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined below), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section

409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan.

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends

credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in Paragraph 3(c) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended,

restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax

withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

Exhibit 10.4

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
RESTRICTED STOCK UNIT GRANT

This RESTRICTED STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share, (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the restricted stock unit portion of the Equity Award granted pursuant to the 2026 LTPP to the Participant shall be issued under the Plan and the terms and conditions of such restricted stock unit shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Restricted Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ units (the "Restricted Stock Units"). Each unit (a "Unit") shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable Redemption Date (as defined below).

2. Restricted Stock Unit Account. The Company shall establish and maintain a Restricted Stock Unit account as a bookkeeping account on its records (the "Restricted Stock Unit Account") for the Participant and shall record in such Restricted Stock Unit Account the number of Restricted Stock Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Restricted Stock Unit Account established for the Participant.

3. Vesting.

(a) Except as provided in subparagraphs (c), (d), and (e) below, the Restricted Stock Units shall vest on the following dates (each a "Service Date"), provided the Participant

continues to be employed by, or providing service to, the Employer (as defined in the Plan) from the Date of Grant through the applicable Service Date:

Service Date	Units Vesting
January 31, 2027	1/3
January 31, 2028	1/3
January 31, 2029	1/3

The vesting of the Restricted Stock Units is cumulative, but shall not exceed 100% of the Units subject to the Restricted Stock Units. If the foregoing schedule would produce fractional Units, the number of Units for which the Restricted Stock Units becomes vested on a Service Date shall be rounded down to the nearest whole Unit. The Restricted Stock Units shall become vested with respect to 100% of the Units subject to the Restricted Stock Units on January 31, 2029, if the Participant is employed by, or providing service to, the Employer on such date.

(b) Subject to subparagraphs (c), (d), and (e) below, if at any time prior to January 31, 2029, the Participant's employment or service with the Employer terminates for any reason, including death or disability, then all of the unvested Restricted Stock Units shall be immediately forfeited and the Participant shall not have any rights with respect to the vesting or the redemption of any portion of the Restricted Stock Unit.

(c) If prior to January 31, 2029, the Participant's employment or service with the Employer terminates on account of Normal Retirement (as defined below), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Normal Retirement in accordance with the schedule set forth in subparagraph 3(a). For purposes of this Grant, (i) "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause (as defined below)) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof and (ii) "Cause" shall mean a finding by the Committee that the Participant (A) has breached his or her employment or service contract with the Employer, if any; (B) has engaged in disloyalty to the Employer including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (C) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (D) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (E) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

(d) If prior to January 31, 2029, the Participant's employment or service with the Employer terminates on account of Early Retirement (as defined below), then 75% of the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall continue to become vested following the Participant's termination of employment or service on account of Early Retirement in accordance with the schedule set forth in subparagraph

3(a) and the remaining 25% of the portion of the Restricted Stock Units that have not vested as of the Participant's Early Retirement shall be immediately forfeited. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(e) If at any time prior to January 31, 2029, but while the Participant is employed by or providing service to the Employer, a Change of Control (as defined below) occurs, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Restricted Stock Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Restricted Stock Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in 3(c)), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the portion of the Restricted Stock Units that have not yet vested as provided in subparagraph 3(a) above shall become fully vested on the date of such termination of employment or service (the "Termination Date"). For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Agreement unless the event constituting the Change of Control constitutes a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations. For the avoidance of doubt, if the Change of Control does not constitute a permitted change in control event under section 409A of the Code, then the Restricted Stock Unit shall not vest on the occurrence of the Change of Control.

4. Redemption. Unless an election is made pursuant to Paragraph 5 below, the Restricted Stock Units that have become vested pursuant to Paragraph 3 shall be redeemed by the Company on the earliest of the (i) applicable Service Date, (ii) the Change of Control Date or (iii) the Termination Date, (the date of redemption is hereinafter referred to as the "Redemption Date"). As soon as administratively practicable following the applicable Redemption Date, but not later than forty-five (45) days following the Redemption Date, (or, if applicable, the Deferred Date, as defined in Paragraph 5 below), all Restricted Stock Units that become vested pursuant to Paragraph 3 above shall be redeemed and converted to an equivalent number of shares of Company Stock, and the Participant shall receive a single distribution of such shares of Company Stock, which shall be issued under the Plan. For purposes of clarity, if any Restricted Stock Units become vested pursuant to subparagraphs 3(c) or 3(d) above as a result of termination of employment or service with the Employer on account of Normal Retirement or Early Retirement, the Redemption Date for such vested Restricted Stock Units shall be the applicable Service Date or Change of Control Date to which such Restricted Stock Units would have been redeemed if the Participant had remained in the employment or service of the Employer (i.e., the Redemption Date continues to be the originally scheduled Service Date as provided in subparagraph 3(a)

above or the Change of Control Date, if earlier, and is not accelerated to an earlier Service Date or to the date on which the termination of employment or service occurs).

5. Deferrals. The Participant may make an irrevocable election to defer the Redemption Date (or further defer the Deferred Date (as defined below), if applicable) of any of the Restricted Stock Units that vest, plus dividend equivalents earned on such Restricted Stock Units as described in Paragraph 6 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the new Redemption Date cannot be earlier than five (5) years from the original Redemption Date under Paragraph 4 above (or five (5) years from the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Redemption Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Redemption Date, the Participant must complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the redemption of the Participant's Restricted Stock Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Redemption Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 5, the new Redemption Date shall be referred to as the "Deferred Date."

6. Dividend Equivalents. Until the Redemption Date (or the Deferred Date, if elected), if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Restricted Stock Units credited to the Participant's Restricted Stock Unit Account as of the date of payment of any such dividend were shares of Company Stock. On the Redemption Date (or the Deferred Date, if applicable), the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Units that have been forfeited as provided in Paragraph 3 above shall be immediately forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

7. Change of Control. Except as set forth in subparagraph 3(e) of this Grant, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Restricted Stock Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

8. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that with respect to any right to redemption or distribution pursuant to this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant not to claim

any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

9. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the redemption of the Restricted Stock Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock on the Redemption Date (or the Deferred Date, if applicable), the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that the shares of Company Stock obtained by the Participant upon the redemption of the Restricted Stock Units shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

11. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to

withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

12. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 6), or the right to vote, with respect to any Restricted Stock Units.

13. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

14. Assignment and Transfers. No Restricted Stock Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and a Restricted Stock Unit shall be redeemed and a dividend equivalent distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Restricted Stock Unit or dividend equivalent by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

15. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and redemption of the Restricted Stock Units and payment of dividend equivalents. Any tax withholding obligation of the Employer with respect to the redemption of the Restricted Stock Units may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

16. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Restricted Stock Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

17. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

18. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any

notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

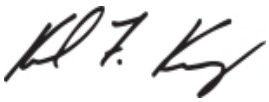
19. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Restricted Stock Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 5 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

20. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

Exhibit 10.5

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2025, and December 31, 2028, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(e), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after

January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by

the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in

accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.6

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on the Performance Goal (defined below) relating to the Company's Total Stockholder Return shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goal and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goal described in Paragraph 3 below (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goal.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goal described in subparagraph (b) below for the Performance Period (the "Performance Goal") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) The Company's Total Stockholder Return ("TSR") (as described in subparagraph (c) below) will be compared to the TSR of the Peer Group companies set forth in Exhibit A attached hereto over the Performance Period (as defined below). The actual number of Performance Units the Participant earns may be greater or less than the Target Award, or even zero, based on the Company's TSR percentile ranking relative to the TSR performance of the companies in the Peer Group, as follows:

[INSERT RELATIVE TSR PERFORMANCE CURVE HERE]

If the Company's actual TSR performance is between measuring points, the number of Performance Units the Participant earns will be interpolated. If the Company's actual TSR performance is below the threshold, no Performance Units will be earned and all of Performance Units will be forfeited. If the Company's actual TSR performance is greater than the maximum, only the maximum number of Performance Units will be earned.

(c) TSR represents stock price performance and dividend accumulation over the Performance Period for the Company and Peer Group. For purposes of this calculation, the initial stock price and the ending stock price are determined using the twenty (20) day average stock price for December 31, 2025, and December 31, 2028, as applicable. The twenty (20) day average stock price is the average of the daily closing stock prices for the twenty (20) trading days that end on the applicable December 31. If December 31 is not a trading day, the closing stock price on the first trading day prior to December 31 shall be used. To determine stock price performance, each closing stock price shall be adjusted by a dividend adjustment factor. The dividend adjustment factor takes into account each per share dividend paid for the Performance Period as well as the effect of any appreciation in stock price by reason of deeming the dividend to be reinvested in the stock. The dividend adjusted price provides the closing price for the requested day, week, or month, adjusted for all applicable splits and dividend distributions. At the end of the Performance Period, the TSR for the Company, and for each company in the Peer Group, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Dividend Adjusted Ending Stock Price} - \text{Dividend Adjusted Initial Stock Price})}{\text{Dividend Adjusted Initial Stock Price}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(d) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(f) below), the Committee will determine whether and to what extent the Performance Goal has been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed

by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(e) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent or subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and its corresponding regulations.

(f) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028, and the term "Peer Group" shall mean those companies included in Exhibit A. If at any time during the Performance Period a company in the Peer Group is no longer a publicly traded entity, such company shall be removed from the Peer Group as of January 1 of the year in which the company is no longer publicly traded.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(e), 4(b), or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goal and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goal and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service

with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goal. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or nonsolicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goal and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election

made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

i. to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

ii. that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or

service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a

manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

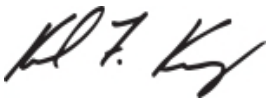
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

PSU Grant A

Exhibit A

PEER GROUP COMPANIES

[INSERT LIST OF PEER GROUP COMPANIES HERE]

Exhibit 10.7

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's employment or

service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further

deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not

interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a

manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.8

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to compounded earnings per share, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including

FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

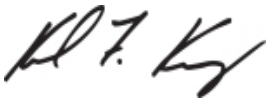
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT B – EPS"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of Compounded Earnings Per Share Growth (as described below) over the Performance Period.

[INSERT COMPOUNDED EARNINGS PER SHARE GROWTH TARGET AND CALCULATION HERE]

Exhibit 10.9

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in paragraph 4(c) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraph 3(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's employment or

service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) If at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(c) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any; (ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further

deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4 above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not

interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a

manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Grant, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: John C. Griffith

Its: President and CEO

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

Exhibit 10.10

AMERICAN WATER WORKS COMPANY, INC.
2017 OMNIBUS EQUITY COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT

This PERFORMANCE STOCK UNIT GRANT, dated as of February 17, 2026 (the "Date of Grant"), is delivered by American Water Works Company, Inc. (the "Company") to _____ (the "Participant").

RECITALS

WHEREAS, the Committee (as defined in the American Water Works Company, Inc. 2017 Omnibus Equity Compensation Plan (the "Plan")) has adopted a 2026 Long Term Performance Plan ("2026 LTPP") pursuant to which designated employees will be granted equity awards (collectively, the "Equity Award") for shares of Common Stock of the Company, par value $0.01 per share (the "Company Stock");

WHEREAS, the Equity Award is comprised of four separate grants: a restricted stock unit and three performance stock unit grants;

WHEREAS, the Committee has determined that the Participant is eligible to participate in the 2026 LTPP and to grant the Participant an Equity Award under the 2026 LTPP; and

WHEREAS, the Committee has determined that the performance stock unit portion of the Equity Award granted to the Participant pursuant to the 2026 LTPP shall be issued under the Plan, and the terms and conditions of the performance stock unit grant that may be earned based on Performance Goals (defined below) relating to return on equity, as set forth in Exhibit A attached hereto, shall be memorialized in this grant (the "Grant").

NOW, THEREFORE, the parties to this Grant, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Stock Units. Subject to the terms and conditions set forth in this Grant and the Plan, the Company hereby grants to the Participant _____ performance stock units (the "Performance Units"). The Performance Units are contingently awarded and will be earned and distributable if and only to the extent that the Performance Goals and other conditions set forth in this Grant are met. Each Performance Unit shall be a phantom right and shall be equivalent to one share of Company Stock on the applicable payment date, as described in Paragraph 5 below. The number of Performance Units set forth above is equal to the target number of shares of Company Stock that the Participant will earn for 100% achievement of the Performance Goals described in this Grant (the "Target Award").

2. Performance Unit Account. The Company shall establish and maintain a Performance Unit account as a bookkeeping account on its records (the "Performance Unit Account") for the Participant and shall record in such Performance Unit Account the number of Performance Units granted to the Participant. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this grant or the Performance Unit Account established for the Participant.

3. Performance Goals.

(a) Unless a Change of Control (as defined below) occurs prior to the end of the Performance Period (as defined below), the distribution of the shares of Company Stock attributable to the Performance Units is contingent upon achievement of the performance goals set forth in Exhibit A attached hereto (the "Performance Goals") and the Participant satisfying the continuation of employment and service with the Employer (as defined in the Plan) requirement described in Paragraph 4 below.

(b) As soon as administratively practicable following the end of the Performance Period (as defined in Paragraph 3(d) below), the Committee will determine whether and to what extent the Performance Goals have been met and the number of Performance Units the Participant has earned, if any. Except as described in Paragraph 4 below, the Participant must be employed by, or providing service to, the Employer on the last day of the Performance Period in order to earn the Performance Units.

(c) If a Change of Control occurs prior to the end of the Performance Period, the Company is not the surviving corporation (or survives only as a subsidiary of another corporation or entity (the "surviving corporation")) and the Performance Units are not converted to similar grants of the surviving corporation (or a parent or subsidiary of the surviving corporation), then the Performance Period will end on the date of the Change of Control and the Performance Units will be deemed earned at the Target Award level as of the date of the Change of Control (the "Change of Control Date"). In the event the Participant's Performance Units are assumed by the surviving corporation but the Participant ceases to be employed by, or providing service to, the surviving corporation (or a parent or subsidiary of the surviving corporation) within twelve (12) months after the date of the Change of Control on account of (i) a termination of such Participant's employment by the surviving corporation (or a parent of subsidiary of the surviving corporation) for any reason other than on account of Cause (as defined in Paragraph 4(e) hereof), or on account of death or Disability (each as defined in the Plan), or (ii) a termination of employment or service by the Participant for Good Reason (as defined in the Plan), then the Performance Period will end on the date of such termination of employment or service (the "Termination Date") and the Performance Units will be deemed earned at the Target Award level as of the Termination Date. For purposes of this Grant, "Change of Control" shall mean as such term is defined in the Plan, except that a Change of Control shall not be deemed to have occurred for purposes of this Grant unless the event constituting the Change of Control constitutes a change in ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and its corresponding regulations.

(d) For purposes of this Grant, the term "Performance Period" shall mean the three (3)-year period beginning on January 1, 2026 and ending December 31, 2028.

4. Termination of Employment or Service.

(a) Except as set forth in Paragraphs 3(c) 4(b) or 4(c), if, at least one year after the beginning of the Performance Period, but prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of any reason other than a termination for Cause (as defined below), the Participant will earn a pro-rata portion of the Performance Units, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. The pro-rata portion earned will be equal to the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, multiplied by a fraction, which fraction shall be equal to (i) 1/3, if the Participant's employment or service with the Employer terminates on or after January 31, 2027, but prior to January 31, 2028; (ii) 2/3, if the Participant's

employment or service with the Employer terminates on or after January 31, 2028, but prior to January 31, 2029; and (iii) 3/3, if the Participant's employment or service terminates with the Employer on or after January 31, 2029. If the Participant ceases to be employed by, or provide service to, the Employer for any reason other than on account of Cause, the prorated number of Performance Units earned by the Participant pursuant to this Paragraph 4(a) will be distributed in accordance with Paragraph 5.

(b) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement, then the Participant will earn the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period. If the Participant ceases to be employed by, or provide service to, the Employer on account of Normal Retirement pursuant to this subparagraph (b), the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Normal Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age sixty (60) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(c) Notwithstanding any provision of this Agreement to the contrary, if prior to the end of the Performance Period, the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement, then the Participant will earn 75% of the number of Performance Units that would have been earned if the Participant had remained employed through the last day of the Performance Period, if the Performance Goals and the requirements of this Grant are met as of the last day of the Performance Period, and unearned Performance Units shall be immediately forfeited. If the Participant ceases to be employed by, or provide service to, the Employer on account of Early Retirement pursuant to this subparagraph (c), then the number of Performance Units that are earned based on the Performance Goals and other requirements of this Grant will be distributed in accordance with Paragraph 5. For purposes of this Grant, "Early Retirement" shall mean termination of employment or service with the Employer (other than for Cause) after the Participant has attained age fifty-five (55) and has five (5) total years of employment or service with the Employer which includes at least three (3) consecutive full calendar years of service in the position of Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer, or any combination thereof.

(d) Except as set forth in Paragraphs 4(b) or 4(c), if at any time prior to the earlier of January 31, 2027 or a Change of Control, the Participant's employment or service with the Employer is terminated by the Employer on account of any reason or no reason or by the Participant for any reason or no reason, all of the Performance Units subject to this Grant shall be immediately forfeited as of the date of the Participant's termination of employment or service with the Employer and the Participant shall not have any rights with respect to the distribution of any portion of the Performance Units.

(e) If at any time prior to the date the Performance Units are distributed in accordance with Paragraph 5 the Participant's employment or service with the Employer is terminated on account of Cause, all of the Performance Units subject to this Grant shall be immediately forfeited and the Participant will not have any rights with respect to the distribution of any portion of the Performance Units, irrespective of the level of achievement of the Performance Goals. For purposes of this Grant, "Cause" shall mean a finding by the Committee that the Participant (i) has breached his or her employment or service contract with the Employer, if any;

(ii) has engaged in disloyalty to the Employer, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty; (iii) has disclosed trade secrets or confidential information of the Employer to persons not entitled to receive such information; (iv) has breached any written noncompetition or non-solicitation agreement between the Participant and the Employer; or (v) has engaged in such other behavior detrimental to the interests of the Employer as the Committee determines.

5. Time and Form of Payment with Respect to Performance Units. Unless an election is made pursuant to Paragraph 6 below, the Participant will receive a distribution with respect to the Performance Units earned as described in Paragraphs 3 and 4 above within seventy (70) days following the earliest of (a) January 31, 2029 (the "Distribution Date"), (b) the Change of Control Date, or (c) the Termination Date. The Performance Units will be distributed in shares of Company Stock, with each Performance Unit earned equivalent to one share of Company Stock. Any Performance Units not earned because of the failure to attain the Performance Goals and service condition will be immediately forfeited.

6. Deferrals. The Participant may make an irrevocable election to defer the Distribution Date (or further defer the Deferred Date (as defined below), if applicable) of all of the Performance Units that are earned, plus dividend equivalents earned on such Performance Units as described in Paragraph 7 below, to a later date, provided that, except as to any election made by the Participant to accelerate the Deferred Date in the event of his or her death prior to the Deferred Date, (a) the election shall not take effect until at least twelve (12) months after the date on which the election is made, (b) the deferred Distribution Date cannot be earlier than five (5) years from the original Distribution Date under Paragraph 5 above (or five (5) years from the applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made), and (c) the election must be made no less than twelve (12) months prior to the date of the Distribution Date (twelve (12) months prior to the previously applicable Deferred Date, if a subsequent deferral of a Deferred Date is being made). To defer the Distribution Date, the Participant must elect to defer 100% of the Performance Units, including corresponding dividend equivalents, earned by the Participant under this Grant, as well as 100% of the other performance stock units, including corresponding dividend equivalents, earned by the Participant under the 2026 LTPP, complete the deferral election form provided to the Participant, and return such form to the Company in the manner and by the deadline provided therein. If the Participant desires to make a further deferral, the Participant must make such election on a separate form provided for such purpose. Any such election shall be made in accordance with section 409A of the Code and any corresponding guidance and regulations issued under section 409A of the Code. Notwithstanding a Participant's election pursuant to this Paragraph, if the Change of Control Date or the Termination Date occurs prior to the Deferred Date, the distribution of the Participant's earned Performance Units, plus corresponding dividend equivalents, will be the Change of Control Date or the Termination Date, as applicable. If a Distribution Date is delayed one or more times pursuant to any election made by the Participant pursuant to this Paragraph 6, the new Distribution Date shall be referred to as the "Deferred Date."

7. Dividend Equivalents. Until the earlier of the Distribution Date (or the Deferred Date, if elected), the Change of Control Date or the Termination Date, if any dividends are declared with respect to the shares of Company Stock, the Company shall credit to a dividend equivalent account (the "Dividend Equivalent Account") the value of the dividends that would have been distributed if the Performance Units credited to the Participant's Performance Unit Account as of the date of payment of any such dividend were shares of Company Stock. At the same time that the Performance Units are converted to shares of Company Stock and distributed to the Participant, the Company shall pay to the Participant in a lump sum cash equal to the value of the dividends credited to the Participant's Dividend Equivalent Account; provided, however, that any dividends that were credited to the Participant's Dividend Equivalent Account that are attributable to Performance Units that have been forfeited as provided in Paragraph 3 and 4

above shall be forfeited and not payable to the Participant. No interest shall accrue on any dividend equivalents credited to the Participant's Dividend Equivalent Account.

8. Change of Control. Except as set forth above, the provisions set forth in the Plan applicable to a Change of Control (as defined in the Plan) shall apply to the Performance Units, and, in the event of a Change of Control, the Committee may take such actions as it deems appropriate pursuant to the Plan and is consistent with the requirements of section 409A of the Code.

9. Acknowledgment by Participant. By accepting this Grant, the Participant acknowledges that, with respect to any right to distribution pursuant to the Plan or this Grant, the Participant is and shall be an unsecured general creditor of the Company without any preference as against other unsecured general creditors of the Company, and the Participant hereby covenants for himself or herself, and anyone at any time claiming through or under the Participant, not to claim any such preference, and hereby disclaims and waives any such preference which may at any time be at issue, to the fullest extent permitted by applicable law.

10. Restrictions on Issuance or Transfer of Shares of Company Stock.

(a) To the extent permitted by Code section 409A, the obligation of the Company to deliver shares of Company Stock upon the Participant earning the Performance Units shall be subject to the condition that shares of Company Stock be qualified for listing on the New York Stock Exchange or another securities exchange and be registered under the Securities Act of 1933, as amended, and that any consent or approval of any governmental regulatory body that is necessary to issue shares of Company Stock has been so obtained, and that shares of Company Stock may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(b) The issuance of shares of Company Stock and the payment of cash to the Participant pursuant to this Grant is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

(c) As a condition to receive any shares of Company Stock upon conversion of the earned Performance Units, the Participant agrees:

(i) to be bound by, and to comply with, the Company's policies and practices (as they may be in effect from time to time) regarding the restrictions or limitations on the transfer of such shares, and understands that the Participant may be restricted or prohibited at any time and/or from time to time from selling, transferring, pledging, donating, assigning, margining, mortgaging, hypothecating or otherwise encumbering the shares in accordance with such policies and practices, including without limitation the Company's Insider Trading and Prohibited Transactions Policy and the Personal Securities Trading and Preclearance Practice; and

(ii) that any shares of Company Stock received by the Participant upon the distribution of the earned Performance Units pursuant to this Grant shall be subject to the guidelines and restrictions set forth in the Company's Executive Stock Ownership Guidelines and Executive Stock Retention Requirements, effective as of February 19, 2025 (and as they may be amended, restated, supplemented and interpreted), and any applicable clawback or compensation recovery or recoupment policies and other policies that may be approved by the

Company's Board of Directors or a duly authorized committee thereof, from time to time.

11. Participant Undertaking. The Participant agrees to take whatever additional actions and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Grant.

12. Grant Subject to Plan Provisions. This Grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. In the event of any contradiction, distinction or difference between this Grant and the terms of the Plan, the terms of the Plan will control. Except as otherwise defined in this Grant, capitalized terms used in this Grant shall have the meanings set forth in the Plan. This Grant is subject to the interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) rights and obligations with respect to withholding taxes, (b) the registration, qualification or listing of the shares of Company Stock, (c) changes in capitalization of the Company, and (d) other requirements of applicable law. The Committee shall have the authority to interpret and construe this Grant pursuant to the terms of the Plan, its decisions shall be conclusive as to any questions arising hereunder. By accepting this Grant, the Participant agrees (i) to be bound by the terms of the Plan and this Grant, (ii) to be bound by the determinations and decisions of the Committee with respect to this Grant, the Plan and the Participant's rights to benefits under this Grant and the Plan, and (iii) that all such determinations and decisions of the Committee shall be binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under this Grant and the Plan on behalf of the Participant.

13. No Rights as Stockholder. The Participant shall not have any rights as a stockholder of the Company, including the right to any cash dividends (except with respect to the dividend equivalent rights provided in Paragraph 7), or the right to vote, with respect to any Performance Units.

14. No Rights to Continued Employment or Service. This Grant shall not confer upon the Participant any right to be retained in the employment or service of the Employer and shall not interfere in any way with the right of the Employer to terminate the Participant's employment or service at any time. The right of the Employer to terminate at will the Participant's employment or service at any time for any reason is specifically reserved.

15. Assignment and Transfers. No Performance Units or dividend equivalents awarded to the Participant under this Grant may be transferred, assigned, pledged, or encumbered by the Participant and the Performance Units and dividend equivalents shall be distributed during the lifetime of the Participant only for the benefit of the Participant. Any attempt to transfer, assign, pledge, or encumber the Performance Units or dividend equivalents under this Grant by the Participant shall be null, void and without effect. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company. This Grant may be assigned by the Company without the Participant's consent.

16. Withholding. The Participant shall be required to pay to the Employer, or make other arrangements satisfactory to the Employer to provide for the payment of, any federal, state, local or other taxes that the Employer is required to withhold with respect to the grant, vesting and distribution of the Performance Units and dividend equivalents. Any tax withholding obligation of the Employer with respect to the distribution of shares of Company Stock pursuant to the Performance Units that are earned by the Participant under this Grant may, at the Committee's discretion, be satisfied by having shares of Company Stock withheld for federal (including

FICA), state, local and other tax liabilities, up to an amount that does not exceed the maximum rate permitted by U.S. generally accepted accounting principles.

17. Effect on Other Benefits. The value of shares of Company Stock and dividend equivalents distributed with respect to the Performance Units shall not be considered eligible earnings for purposes of any other plans maintained by the Company or the Employer. Neither shall such value be considered part of the Participant's compensation for purposes of determining or calculating other benefits that are based on compensation, such as life insurance.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company in care of the General Counsel at the Company's corporate headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll records of the Employer, or to such other address as the Participant may designate to the Employer in writing. Any notice shall be (i) delivered by hand, (ii) delivered by a national overnight courier or delivery service, (iii) enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service, or (iv) in the case of notices by the Company to the Participant, delivered by e-mail or other electronic means (with confirmation of receipt to be made by any oral, electronic or written means).

20. Taxation; Code Section 409A. As applicable, this Grant is intended to comply with the requirements of section 409A of the Code and shall be interpreted and administered in accordance with Code section 409A. Notwithstanding any provision to the contrary herein, if the Performance Units constitute "deferred compensation" under section 409A of the Code, distributions made with respect to this Grant may only be made in a manner and upon an event permitted by Code section 409A. To the extent that any provision of the Grant would cause a conflict with the requirements of Code section 409A, or would cause the administration of the Grant to fail to satisfy the requirements of Code section 409A, such provision shall, to the extent practicable if permitted by applicable law, be deemed null and void. In the event that it is determined not feasible to void a provision of this Grant, such provision shall be construed in a manner as to comply with the Code section 409A requirements. This Grant may be amended without the consent of the Participant in any respect deemed by the Committee or its delegate to be necessary in order to comply with Code section 409A. Unless a valid election is made pursuant to Paragraph 6 above, in no event may the Participant, directly or indirectly, designate the calendar year of distribution. Notwithstanding anything in the Plan or the Grant to the contrary, the Participant shall be solely responsible for the tax consequences of this Grant, and in no event shall the Company have any responsibility or liability if this Grant does not meet any applicable requirements of Code section 409A.

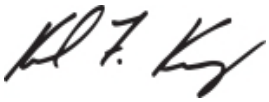
21. Severability. In the event one or more of the provisions of this Grant should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Grant, and this Grant will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the Company has caused this Grant to be executed, effective as of the Date of Grant.

AMERICAN WATER WORKS COMPANY, INC.

By: Karl F. Kurz



Its: Board Chair

"PSU GRANT C – ROE"

EXHIBIT A

PERFORMANCE GOALS

The number of Performance Units that may be earned shall be determined based on the achievement of the Return on Equity (as described below) over the Performance Period.

[INSERT RETURN ON EQUITY TARGET AND CALCULATION HERE]

 Exhibit 22.1

AMERICAN WATER WORKS COMPANY, INC.

List of Securities Registered Under the Securities Act of 1933 (the "Securities Act") and Entitled to the Benefit of the Support Agreement between American Water Capital Corp. ("AWCC") and American Water Works Company, Inc. ("parent company")

The following securities have been issued by AWCC and registered under the Securities Act, and have the benefit of that certain Support Agreement, as amended, by and between AWCC and parent company, which serves as the functional equivalent of a full and unconditional guarantee by parent company of the payment obligations of AWCC thereunder:

3.000% Senior Notes due 2026

2.950% Senior Notes due 2027

3.750% Senior Notes due 2028

3.450% Senior Notes due 2029

2.800% Senior Notes due 2030

2.300% Senior Notes due 2031

4.450% Senior Notes due 2032

5.150% Senior Notes due 2034

5.250% Senior Notes due 2035

5.200% Senior Notes due 2036

6.593% Senior Notes due 2037

4.300% Senior Notes due 2042

4.300% Senior Notes due 2045

4.000% Senior Notes due 2046

3.750% Senior Notes due 2047

4.200% Senior Notes due 2048

4.150% Senior Notes due 2049

3.450% Senior Notes due 2050

3.250% Senior Notes due 2051

5.450% Senior Notes due 2054

5.700% Senior Notes due 2055

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, John C. Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2026

By: /s/ JOHN C. GRIFFITH
John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

(Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended,
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)

I, David M. Bowler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Water Works Company, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2026

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John C. Griffith, President and Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ JOHN C. GRIFFITH

John C. Griffith
President and Chief Executive Officer
(Principal Executive Officer)
April 29, 2026

Exhibit 32.2

AMERICAN WATER WORKS COMPANY, INC.

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of American Water Works Company, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Bowler, Executive Vice President and Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID M. BOWLER
David M. Bowler
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
April 29, 2026

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 29

Description of Filing Requirement:

Current chart of accounts

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX29_051526.pdf.

Kentucky-American Water Company
Chart of Accounts

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
10130100	UPIS - Organization	C3011	Organization
10130200	UPIS - Franchises	C3021	Franchises
10130320	UPIS - Land & Land Rights - Source of Supply	C3032	Land & Land Rights S
10130322	UPIS - Land & Land Rights - Source of Supply ROW	C3032	Land & Land Rights S
10130330	UPIS - Land & Land Rights - Pumping	C3032	Land & Land Rights S
10130332	UPIS - Land & Land Rights - Pumping ROW	C3032	Land & Land Rights S
10130340	UPIS - Land & Land Rights - Water Treatment	C3033	Land & Land Rights W
10130342	UPIS - Land & Land Rights - Water Treatment ROW	C3033	Land & Land Rights W
10130350	UPIS - Land & Land Rights - Transmission & Distrib	C3034	Land & Land Rights T
10130352	UPIS - Land & Land Rights - T&D ROW	C3034	Land & Land Rights T
10130360	UPIS - Land & Land Rights - Admin & General	C3035	Land & Land Rights A
10130362	UPIS - Land & Land Rights - Admin & General ROW	C3035	Land & Land Rights A
10130410	UPIS - Struct & Imp - Source of Supply	C3042	Struct & Improve SS
10130420	UPIS - Struct & Imp - Pumping	C3042	Struct & Improve SS
10130430	UPIS - Struct & Imp - Water Treatment	C3043	Struct & Improve WT
10130440	UPIS - Struct & Imp - Transmission & Distribution	C3044	Struct & Improve TD
10130450	UPIS - Struct & Imp - Admin & General	C3045	Struct & Improve AG
10130500	UPIS - Collect & Impounding	C3052	Collecting & Impound
10130600	UPIS - Lake & River & Other	C3062	Lake, River & Other
10130700	UPIS - Wells & Springs	C3072	Wells & Springs
10130800	UPIS - Infiltration Galleries	C3082	Infiltration Galleri
10130900	UPIS - Supply Mains	C3092	Supply Mains
10131000	UPIS - Power Generation Equipment	C3102	Power Generation Equ
10131020	UPIS - Boiler Plant Equipment	C3112	Pumping Equipment SS
10131110	UPIS - Pumping Equipment - Steam	C3112	Pumping Equipment SS
10131120	UPIS - Pumping Equipment - Electric	C3112	Pumping Equipment SS
10131130	UPIS - Pumping Equipment - Diesel	C3112	Pumping Equipment SS
10131140	UPIS - Pumping Equipment - Hydraulic	C3112	Pumping Equipment SS
10131150	UPIS - Pumping Equipment - Other	C3112	Pumping Equipment SS
10131152	UPIS - Pumping Equipment - Source of Supply	C3112	Pumping Equipment SS
10131153	UPIS - Pumping Equipment - Water Treatment	C3113	Pumping Equipment WT
10131154	UPIS - Pumping Equipment - Transmission & Distrib	C3114	Pumping Equipment TD
10132010	UPIS - Water Treatment Equipment	C3203	Water Treatment Equi
10133000	UPIS - Distribution Reservoirs & Standpipes	C3304	Dist Reservoirs & St
10133100	UPIS - Transmission & Distribution Mains	C3314	TD Mains
10133200	UPIS - Fire Mains	C3314	TD Mains
10133300	UPIS - Services	C3334	Services
10133410	UPIS - Meters	C3344	Meters & Meter Insta
10133420	UPIS - Meter Installations	C3344	Meters & Meter Insta
10133500	UPIS - Hydrants	C3354	Hydrants
10133600	UPIS - Backflow Prevention	C3364	Backflow Prevention
10133910	UPIS - Other P/E - Intangible	C3391	Other Plant & Equip
10133920	UPIS - Other P/E - Source of Supply	C3392	Other Plant & Equip
10133930	UPIS - Other P/E - Water Treatment	C3393	Other Plant & Equip
10133950	UPIS - Other P/E - Transmission & Distribution	C3394	Other Plant & Equip
10134010	UPIS - Office Furniture & Equipment	C3405	Office Furniture & E
10134100	UPIS - Transportation Equipment	C3415	Transportation Equip
10134200	UPIS - Stores Equipment	C3425	Stores Equipment
10134300	UPIS - Tools-Shop-Garage Equipment	C3435	Tools, Shop, Garage
10134400	UPIS - Laboratory Equipment	C3445	Laboratory Equipment
10134500	UPIS - Power Operated Equipment	C3455	Power Operated Equip
10134600	UPIS - Communication Equipment	C3465	Communication Equip
10134700	UPIS - Misc Equipment	C3475	Miscellaneous Equip
10134800	UPIS - Other Tangible Property	C3485	Other Tangible Plant
10135100	UPIS - WW Organization	C3511	WW Organization
10135200	UPIS - WW Franchises	C3521	WW Franchises
10135220	UPIS - WW Other Intangible	C3521	WW Franchises
10135320	UPIS - WW Land & Land Rights - Coll	C3532	WW Land & Ld Rights
10135322	UPIS - Land & Land Rights - Coll ROW	C3532	WW Land & Ld Rights
10135330	UPIS - WW Land & Land Rights - SPP	C3533	WW Land & Ld Rights

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
10135332	UPIS - Land & Land Rights - Pumping ROW	C3533	WW Land & Ld Rights
10135340	UPIS - WW Land & Land Rights - TDP	C3534	WW Land & Ld Rights
10135342	UPIS - Land & Land Rights - TDP ROW	C3534	WW Land & Ld Rights
10135350	UPIS - WW Land & Land Rights - General	C3537	WW Land & Ld Rights
10135352	UPIS - Land & Land Rights - General ROW	C3537	WW Land & Ld Rights
10135420	UPIS - WW Struct & Imp - Coll	C3542	WW Struct & Imp Coll
10135430	UPIS - WW Struct & Imp - SPP	C3543	WW Struct & Imp SPP
10135440	UPIS - WW Struct & Imp - TDP	C3544	WW Struct & Imp TDP
10135450	UPIS - WW Struct & Imp - General	C3547	WW Struct & Imp Gen
10135520	UPIS - WW Pwr Gen Equipment - Col	C3552	WW Pwr Gen Equip Col
10135530	UPIS - WW Pwr Gen Equipment - SPP	C3553	WW Pwr Gen Equip SPP
10135540	UPIS - WW Pwr Gen Equipment - TDP	C3554	WW Pwr Gen Equip TDP
10135550	UPIS - WW Pwr Gen Equipment - RWT	C3555	WW Pwr Gen Equip RWT
10135560	UPIS - WW Pwr Gen Equipment - RWD	C3556	WW Pwr Gen Equip RWD
10136000	UPIS - WW Collection Sewers	C3602	WW Collection Sewers
10136110	UPIS - WW Collecting Mains	C3612	WW Collection Sewers
10136200	UPIS - WW Special Coll Struct	C3622	WW Special Coll Stru
10136300	UPIS - WW Services Sewer	C3632	WW Services Sewer
10136400	UPIS - WW Flow Measuring Device	C3642	WW Flow Measuring De
10136500	UPIS - WW Flow Measuring Install	C3652	WW Flow Measuring In
10137000	UPIS - WW Receiving Wells	C3703	WW Receiving Wells
10137110	UPIS - WW Pump Equipment - Elect	C3713	WW Pumping Equipment
10137120	UPIS - WW Pump Equipment - Oth Pwr	C3713	WW Pumping Equipment
10138000	UPIS - WW - Transmission & D244Distribution Equip	C3804	WW TD Equipment
10138100	UPIS - WW Plant Sewers	C3814	WW Plant Sewers
10138200	UPIS - WW Outfall Sewer Line	C3824	WW Outfall Sewer Lin
10138910	UPIS - WW Oth Plant & Misc Equipment	C3891	WW Oth Plt&Misc Eq I
10138920	UPIS - WW Oth Plant & Misc Equipment - Coll	C3892	WW Oth Plt&Misc Eq C
10138930	UPIS - WW Oth Plant & Misc Equipment - SPP	C3893	WW Oth Plt&Misc Eq S
10138940	UPIS - WW Oth Plant & Misc Equipment - TDP	C3894	WW Oth Plt&Misc Eq T
10139000	UPIS - WW Office Furniture	C3907	WW Office Furniture
10139100	UPIS - WW Transportation Equipment	C3917	WW Transportation Eq
10139200	UPIS - WW Stores Equipment	C3927	WW Stores Equip
10139300	UPIS - WW Tool Shop & Garage	C3937	WW Tools,Shop,Garage
10139400	UPIS - WW Laboratory Equipment	C3947	WW Laboratory Equipm
10139500	UPIS - WW Power Operated Equipment	C3957	WW Power Operated Eq
10139600	UPIS - WW Communication Equipment	C3967	WW Communications Eq
10139700	UPIS - WW Misc Equipment	C3977	WW Misc Equipment
10139800	UPIS - WW Other Tangible Pl	C3987	WW Other Tangible Pr
10190000	Reg Asset-AFUDC-Debt	C101	UP In Service
10230100	Leased - Organization	C3011	Organization
10230320	Leased - Land & Land Rights - Source of Supply	C3032	Land & Land Rights S
10230330	Leased - Land & Land Rights - Pumping	C3032	Land & Land Rights S
10230340	Leased - Land & Land Rights - Water Treatment	C3033	Land & Land Rights W
10230350	Leased - Land & Land Rights - Transmission & Distr	C3034	Land & Land Rights T
10230360	Leased - Land & Land Rights - Admin & General	C3035	Land & Land Rights A
10230410	Leased - Struct & Imp - Source of Supply	C3042	Struct & Improve SS
10230420	Leased - Struct & Imp - Pumping	C3042	Struct & Improve SS
10230430	Leased - Struct & Imp - Water Treatment	C3043	Struct & Improve WT
10230440	Leased - Struct & Imp - Transmission & Distrib	C3044	Struct & Improve TD
10230450	Leased - Struct & Imp - Admin & General	C3045	Struct & Improve AG
10230500	Leased - Collect & Impounding	C3052	Collecting & Impound
10230600	Leased - Lake - River & Other	C3062	Lake, River & Other
10230900	Leased - Supply Mains	C3092	Supply Mains
10231000	Leased - Power Generation Equipment	C3102	Power Generation Equ
10231120	Leased - Pump Equipment Electric	C3112	Pumping Equipment SS
10232010	Leased - WT Equipment	C3203	Water Treatment Equi
10233000	Leased - Distribution Reservoirs & Standpipes	C3304	Dist Reservoirs & St
10233100	Leased - TD Mains	C3314	TD Mains
10233300	Leased - Services	C3334	Services
10233410	Leased - Meters	C3344	Meters & Meter Insta
10233420	Leased - Meter Installations	C3344	Meters & Meter Insta
10233500	Leased - Hydrants	C3354	Hydrants
10233950	Leased - Other P/E - Transmission & Distribution	C3394	Other Plant & Equip

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
10234010	Leased - Office Furniture & Equipment	C3405	Office Furniture & E
10234100	Leased - Transportation Equipment	C3415	Transportation Equip
10234200	Leased - Stores Equipment	C3425	Stores Equipment
10234300	Leased - Tools-Shop-Garage Equipment	C3435	Tools, Shop, Garage
10234400	Leased - Laboratory Equipment	C3445	Laboratory Equipment
10234500	Leased - Power Operated Equipment	C3455	Power Operated Equip
10234600	Leased - Comm Equipment Not Class	C3465	Communication Equip
10234700	Leased - Misc Equipment	C3475	Miscellaneous Equip
10300000	Property Held Future	C103	Prop Held for Future
10400000	Utility Plant Purchased or Sold	C104	UP Purchased or Sold
10630100	CCNC Organization	C3011	Organization
10630200	CCNC Franchises	C3021	Franchises
10630320	CCNC Land & Land Rights - Source of Supply	C3032	Land & Land Rights S
10630322	CCNC Land & Land Rights - Source of Supply ROW	C3032	Land & Land Rights S
10630330	CCNC Land & Land Rights - Pumping	C3032	Land & Land Rights S
10630332	CCNC Land & Land Rights - Pumping ROW	C3032	Land & Land Rights S
10630340	CCNC Land & Land Rights - Water Treatment	C3033	Land & Land Rights W
10630342	CCNC Land & Land Rights - Water Treatment ROW	C3033	Land & Land Rights W
10630350	CCNC Land & Land Rights - Transmssn & Distr	C3034	Land & Land Rights T
10630352	CCNC Land & Land Rights - T&D ROW	C3034	Land & Land Rights T
10630360	CCNC Land & Land Rights - Adm & Gen	C3035	Land & Land Rights A
10630362	CCNC Land & Land Rights - Admin & General ROW	C3035	Land & Land Rights A
10630410	CCNC Struct & Imp - Source of Supply	C3042	Struct & Improve SS
10630420	CCNC Struct & Imp - Pumping	C3042	Struct & Improve SS
10630430	CCNC Struct & Imp - Water Treatment	C3043	Struct & Improve WT
10630440	CCNC Struct & Imp - Transmission & Distribution	C3044	Struct & Improve TD
10630450	CCNC Struct & Imp - Admin & General	C3045	Struct & Improve AG
10630500	CCNC Collect & Impounding	C3052	Collecting & Impound
10630600	CCNC Lake - River & Other	C3062	Lake, River & Other
10630700	CCNC Wells & Springs	C3072	Wells & Springs
10630800	CCNC Infiltration Galleries	C3082	Infiltration Galleri
10630900	CCNC Supply Mains	C3092	Supply Mains
10631000	CCNC Power Generation Equipment	C3102	Power Generation Equ
10631020	CCNC Boiler Plant Equipment	C3112	Pumping Equipment SS
10631110	CCNC Pumping Equipment - Steam	C3112	Pumping Equipment SS
10631120	CCNC Pumping Equipment - Electric	C3112	Pumping Equipment SS
10631130	CCNC Pumping Equipment - Diesel	C3112	Pumping Equipment SS
10631140	CCNC Pumping Equipment - Hydraulic	C3112	Pumping Equipment SS
10631150	CCNC Pumping Equipment - Other	C3112	Pumping Equipment SS
10631152	CCNC Pumping Equipment - Source of Supply	C3112	Pumping Equipment SS
10631153	CCNC Pumping Equipment - Water Treatment	C3113	Pumping Equipment WT
10631154	CCNC Pumping Equipment - Transmssn & Distr	C3114	Pumping Equipment TD
10632010	CCNC - Water Treatment Equipment - Non-Media	C3203	Water Treatment Equi
10633000	CCNC - Distribution Reservoirs & Standpipes	C3304	Dist Reservoirs & St
10633100	CCNC - Transmssn & Distr Mains Not Classified	C3314	TD Mains
10633200	CCNC Fire Mains	C3314	TD Mains
10633300	CCNC Services	C3334	Services
10633410	CCNC Meters	C3344	Meters & Meter Insta
10633420	CCNC Meter Installations	C3344	Meters & Meter Insta
10633500	CCNC Hydrants	C3354	Hydrants
10633600	CCNC Backflow Prevention	C3364	Backflow Prevention
10633910	CCNC Other P/E Intangible	C3391	Other Plant & Equip
10633920	CCNC Other P/E - Source of Supply	C3392	Other Plant & Equip
10633930	CCNC Other P/E - Water Treatment	C3393	Other Plant & Equip
10633950	CCNC Other P/E - Transmission & Distribution	C3394	Other Plant & Equip
10634010	CCNC Office Furniture & Equipment	C3405	Office Furniture & E
10634100	CCNC Transportation Equipment Not Classified	C3415	Transportation Equip
10634200	CCNC Stores Equipment	C3425	Stores Equipment
10634300	CCNC Tools-Shop-Garage Equipment	C3435	Tools, Shop, Garage
10634400	CCNC Laboratory Equipment	C3445	Laboratory Equipment
10634500	CCNC Power Operated Equipment	C3455	Power Operated Equip
10634600	CCNC Communication Equipment	C3465	Communication Equip
10634700	CCNC Misc Equipment	C3475	Miscellaneous Equip
10634800	CCNC Other Tangible Property	C3485	Other Tangible Plant

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
10635320	CCNC WW Land & Land Rights - Coll	C3532	WW Land & Ld Rights
10635322	CCNC Land & Land Rights - Coll ROW	C3532	WW Land & Ld Rights
10635330	CCNC WW Land & Land Rights - SPP	C3533	WW Land & Ld Rights
10635332	CCNC Land & Land Rights - Pumping ROW	C3533	WW Land & Ld Rights
10635340	CCNC WW Land & Land Rights - TDP	C3534	WW Land & Ld Rights
10635342	CCNC Land & Land Rights - TDP ROW	C3534	WW Land & Ld Rights
10635350	CCNC WW Land & Land Rights - Gen	C3537	WW Land & Ld Rights
10635352	CCNC Land & Land Rights - General ROW	C3537	WW Land & Ld Rights
10635420	CCNC WW Struct & Imp - Coll	C3542	WW Struct & Imp Coll
10635430	CCNC WW Struct & Imp - SPP	C3543	WW Struct & Imp SPP
10635440	CCNC WW Struct & Imp - TDP	C3544	WW Struct & Imp TDP
10635450	CCNC WW Struct & Imp - Gen	C3547	WW Struct & Imp Gen
10635520	CCNC WW Power Gen Equipment - Col	C3552	WW Pwr Gen Equip Col
10635530	CCNC WW Power Gen Equipment - SPP	C3553	WW Pwr Gen Equip SPP
10635540	CCNC WW Power Gen Equipment - TDP	C3554	WW Pwr Gen Equip TDP
10635550	CCNC WW Power Gen Equipment - RWT	C3555	WW Pwr Gen Equip RWT
10635560	CCNC WW Power Gen Equipment - RWD	C3556	WW Pwr Gen Equip RWD
10636000	CCNC WW Collection Sewers	C3602	WW Collection Sewers
10636110	CCNC WW Collecting Mains	C3612	WW Collection Sewers
10636200	CCNC WW Special Coll Stru	C3622	WW Special Coll Stru
10636300	CCNC WW Services Sewer	C3632	WW Services Sewer
10636400	CCNC WW Flow Measuring De	C3642	WW Flow Measuring De
10636500	CCNC WW Flow Measuring In	C3652	WW Flow Measuring In
10637000	CCNC WW Receiving Wells	C3703	WW Receiving Wells
10637110	CCNC WW Pump Equipment - Elect	C3713	WW Pumping Equipment
10637120	CCNC WW Pump Equipment - Oth Pwr	C3713	WW Pumping Equipment
10638000	CCNC WW TD Equipment	C3804	WW TD Equipment
10638100	CCNC WW Plant Sewers	C3814	WW Plant Sewers
10638200	CCNC WW Outfall Sewer Line	C3824	WW Outfall Sewer Lin
10638910	CCNC WW Oth Plant & Misc Equipment	C3891	WW Oth Plt&Misc Eq I
10638920	CCNC WW Oth Plant & Misc Eq - Coll	C3892	WW Oth Plt&Misc Eq C
10638930	CCNC WW Oth Plant & Misc Eq - SPP	C3893	WW Oth Plt&Misc Eq S
10638940	CCNC WW Oth Plant & Misc Eq - TDP	C3894	WW Oth Plt&Misc Eq T
10639000	CCNC WW Office Furniture	C3907	WW Office Furniture
10639100	CCNC WW Transportation Equipment	C3917	WW Transportation Eq
10639200	CCNC WW Stores Equipment	C3927	WW Stores Equip
10639300	CCNC WW Tool Shop & Garage Equip	C3937	WW Tools,Shop,Garage
10639400	CCNC WW Laboratory Equipment	C3947	WW Laboratory Equipm
10639500	CCNC WW Power Operated Equip	C3957	WW Power Operated Eq
10639600	CCNC WW Communication Equip	C3967	WW Communications Eq
10639700	CCNC WW Misc Equipment	C3977	WW Misc Equipment
10639800	CCNC WW Other Tangible Pl	C3987	WW Other Tangible Pr
10690000	CCNC - Adjustment	C101	UP In Service
10700000	CWIP	C105	CWIP
10780000	CWIP - Workbasket Accrual	C105	CWIP
10780100	CWIP - Backhoe Clearing	C105	CWIP
10780110	CWIP - Eng Clearing Dist Overhead	C105	CWIP
10780120	CWIP - Eng Clearing Eng Overhead	C105	CWIP
10780130	CWIP - Management Study - AMR	C105	CWIP
10780140	CWIP - Management Study - Pipe	C105	CWIP
10780150	CWIP - Interdistrict Clearing	C105	CWIP
10780160	CWIP - Suspended CWIP Reserve	C105	CWIP
10780170	CWIP-T&I Indirect OH Clearing	C105	CWIP
10790000	CWIP - Capital Settlement Clearing	C105	CWIP
10801000	Accum Depreciation - Utility Plant in Service	C1081	Accu Depr-UP in Serv
10802000	Accum Depreciation - Salvage/Scrap	C1081	Accu Depr-UP in Serv
10803000	Accum Depreciation - Asset Sale	C1081	Accu Depr-UP in Serv
10804000	Accum Depreciation - Original Cost	C1081	Accu Depr-UP in Serv
10810000	Accum Depreciation - Reg Asset	C1081	Accu Depr-UP in Serv
10820000	Accum Depreciation - Utility Plant Leased to Othrs	C1082	Accu Depr-UP Leased
10830000	Accum Depreciation - Property Held for Future Use	C1083	Accu Depr-Future Use
10840000	Accum Amortization - Utility Plant in Service	C1101	Accu Amort-UP in Ser
10850000	Accum Amortization - Utility Plant Capital Lease	C1101	Accu Amort-UP in Ser
10860000	Accum Depreciation - Regulatory Acquisition Adjs	C1101	Accu Amort-UP in Ser

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
10890000	Accum Depreciation - Adjustment	C1081	Accu Depr-UP in Serv
11410000	UPAA - Above The Line	C114	UPAA
11415000	UPAA - Above The Line - Accum Amortization	C115	Accu Amort-UPAA
11420000	UPAA - Above The Line Depreciation	C114	UPAA
11425000	UPAA - Above The Line Depr - Accum Depreciation	C115	Accu Amort-UPAA
11430000	UPAA - Neg Post 1/1/06	C114	UPAA
11435000	UPAA - Neg Post 1/1/06 - Accum Amortization	C115	Accu Amort-UPAA
11441000	Regulatory Acquisition Adjustment - Water	C114	UPAA
11442000	Regulatory Acquisition Adjustment - Waste Water	C114	UPAA
12110000	Non-Utility Property - Land	C121	Nonutility Property
12120000	Non-Utility Property - Buildings	C121	Nonutility Property
12130003	Non-Utility Property - Capital Lease 3yr	C121	Nonutility Property
12130004	Non-Utility Property - Capital Lease 4yr	C121	Nonutility Property
12130005	Non-Utility Property - Capital Lease 5yr	C121	Nonutility Property
12130007	Non-Utility Property - Capital Lease 7yr	C121	Nonutility Property
12130010	Non-Utility Property - Capital Lease 10yr	C121	Nonutility Property
12130015	Non-Utility Property - Capital Lease 15yr	C121	Nonutility Property
12140000	Non-Utility Property - Leasehold Improvement	C121	Nonutility Property
12150000	Non-Utility Property - Other 10 Yr	C121	Nonutility Property
12150010	Non-Utility Property - Other 5yr	C121	Nonutility Property
12150020	Non-Utility Property - Other 7yr	C121	Nonutility Property
12150030	Non-Utility Property - Other 4 Yr	C121	Nonutility Property
12150040	Non-Utility Property - Other Hardware	C121	Nonutility Property
12150050	Non-Utility Property - Other Software	C121	Nonutility Property
12150080	Non-Utility Property - Other Enterprise	C121	Nonutility Property
12180000	Non-Utility Property - CWIP	C121	Nonutility Property
12200000	Non-Utility Property - Accum Depreciation	C122	Accu Depr/Amort NUP
12210000	Non-Utility Property - Accum Amortization Cap Lse	C122	Accu Depr/Amort NUP
12310000	Goodwill	C123	Investment in Assoc
12320000	Goodwill - Post 1/1/06 UPAA	C114	UPAA
12400000	Investments - Outside	C125	Other Investments
12401000	Investment in Joint Venture	C125	Other Investments
12401100	Investment in Group Share Joint Venture	C125	Other Investments
12410000	Investment in Assoc Co's	C123	Investment in Assoc
12420000	Investment in Assoc Co's Preferred Stock	C123	Investment in Assoc
12510000	Intangibles - Finite Life	C123	Investment in Assoc
12515000	Intangibles - Finite Life - Accum Amort	C123	Investment in Assoc
13112000	PNC AWK - Main	C1312	Cash in Bank
13112001	PNC AWK - Outbound Wire	C1312	Cash in Bank
13112002	PNC AWK - Outbound ACH	C1312	Cash in Bank
13112003	PNC AWK - Outbound Check	C1312	Cash in Bank
13112004	PNC AWK - Inbound Wires & ACH	C1312	Cash in Bank
13112017	PNC AWK - Misc Debits/Credits	C1312	Cash in Bank
13112100	PNC AWR - Main	C1312	Cash in Bank
13112101	PNC AWR - Outbound Wire	C1312	Cash in Bank
13112102	PNC AWR - Outbound ACH	C1312	Cash in Bank
13112103	PNC AWR - Outbound Check	C1312	Cash in Bank
13112104	PNC AWR - Inbound Wires & ACH	C1312	Cash in Bank
13112116	PNC AWR - NSF Return Payments	C1312	Cash in Bank
13112117	PNC AWR - Misc Debits/Credits	C1312	Cash in Bank
13112400	PNC Pennvest - Main	C1312	Cash in Bank
13112401	PNC Pennvest - Outbound Wire	C1312	Cash in Bank
13112402	PNC Pennvest - Outbound ACH	C1312	Cash in Bank
13112404	PNC Pennvest - Inbound Wires & ACH	C1312	Cash in Bank
13112417	PNC Pennvest - Misc Debits/Credits	C1312	Cash in Bank
13112500	PNC Investment IL - Main	C1312	Cash in Bank
13112501	PNC Investment IL - Outbound Wire	C1312	Cash in Bank
13112502	PNC Investment IL - Outbound ACH	C1312	Cash in Bank
13112504	PNC Investment IL - Inbound Wires & ACH	C1312	Cash in Bank
13112517	PNC Investment IL - Misc Debits/Credits	C1312	Cash in Bank
13112700	PNC VA - Main	C1312	Cash in Bank
13112701	PNC VA - Main - Outbound Wire	C1312	Cash in Bank
13112702	PNC VA - Main - Outbound ACH	C1312	Cash in Bank
13112717	PNC VA - Main - Misc Debits/Credits	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13112800	PNC WV Green Metering - Main	C1312	Cash in Bank
13112801	PNC WV Green Metering - Outbound Wire	C1312	Cash in Bank
13112802	PNC WV Green Metering - Outbound ACH	C1312	Cash in Bank
13112804	PNC WV Green Metering - Inbound Wires & ACH	C1312	Cash in Bank
13112817	PNC WV Green Metering - Misc Debits/Credits	C1312	Cash in Bank
13115100	PNC ETown Corporate - Main	C1312	Cash in Bank
13115101	PNC ETown Corporate - Outbound Wire	C1312	Cash in Bank
13115102	PNC ETown Corporate - Outbound ACH	C1312	Cash in Bank
13115103	PNC ETown Corporate - Outbound Check	C1312	Cash in Bank
13115104	PNC ETown Corporate - Inbound Wires & ACH	C1312	Cash in Bank
13115116	PNC ETown Corporate - NSF Return Payments	C1312	Cash in Bank
13115117	PNC ETown Corporate - Misc Debits/Credits	C1312	Cash in Bank
13115700	PNC ETown Properties - Main	C1312	Cash in Bank
13115701	PNC ETown Properties - Outbound Wire	C1312	Cash in Bank
13115702	PNC ETown Properties - Outbound ACH	C1312	Cash in Bank
13115703	PNC ETown Properties - Outbound Check	C1312	Cash in Bank
13115704	PNC ETown Properties - Inbound Wires & ACH	C1312	Cash in Bank
13115716	PNC ETown Properties - NSF Return Payments	C1312	Cash in Bank
13115717	PNC ETown Properties - Misc Debits/Credits	C1312	Cash in Bank
13118000	PNC Laurel Oak Properties - Main	C1312	Cash in Bank
13118001	PNC Laurel Oak Properties - Outbound Wire	C1312	Cash in Bank
13118002	PNC Laurel Oak Properties - Outbound ACH	C1312	Cash in Bank
13118003	PNC Laurel Oak Properties - Outbound Check	C1312	Cash in Bank
13118004	PNC Laurel Oak Properties - Inbound Wires & ACH	C1312	Cash in Bank
13118016	PNC Laurel Oak Properties - NSF Return Payments	C1312	Cash in Bank
13118017	PNC Laurel Oak Properties - Misc Debits/Credits	C1312	Cash in Bank
13118500	PNC ACUS Corp/Ashbrook - Main (Closed early 2012)	C1312	Cash in Bank
13119000	PNC Thames Water Holding Inc - Main	C1312	Cash in Bank
13119001	PNC Thames Water Holding Inc - Outbound Wire	C1312	Cash in Bank
13119002	PNC Thames Water Holding Inc - Outbound ACH	C1312	Cash in Bank
13119003	PNC Thames Water Holding Inc - Outbound Check	C1312	Cash in Bank
13119004	PNC Thames Water Holding Inc - Inbound Wires & ACH	C1312	Cash in Bank
13119016	PNC Thames Water Holding Inc - NSF Return Payments	C1312	Cash in Bank
13119017	PNC Thames Water Holding Inc - Misc Debits/Credits	C1312	Cash in Bank
13119100	PNC TWNA - Main	C1312	Cash in Bank
13119101	PNC TWNA - Outbound Wire	C1312	Cash in Bank
13119102	PNC TWNA - Outbound ACH	C1312	Cash in Bank
13119103	PNC TWNA - Outbound Check	C1312	Cash in Bank
13119104	PNC TWNA - Inbound Wires & ACH	C1312	Cash in Bank
13119116	PNC TWNA - NSF Return Payments	C1312	Cash in Bank
13119117	PNC TWNA - Misc Debits/Credits	C1312	Cash in Bank
13120000	BNYM - Concentration	C1312	Cash in Bank
13120001	BNYM-Conc - Outbound Wire	C1312	Cash in Bank
13120004	BNYM-Conc - Inbound Wires & ACH	C1312	Cash in Bank
13120005	BNYM-Conc - ZBA Activity	C1312	Cash in Bank
13120006	BNYM-Conc - Customer Direct Debit	C1312	Cash in Bank
13120007	BNYM-Conc - Customer ACH	C1312	Cash in Bank
13120008	BNYM-Conc - Customer Lockbox	C1312	Cash in Bank
13120009	BNYM-Conc - Online Resources Credit Corp	C1312	Cash in Bank
13120010	BNYM-Conc - First Tech	C1312	Cash in Bank
13120011	BNYM-Conc - FiServ (fka CheckFree)	C1312	Cash in Bank
13120012	BNYM-Conc - Penn Credit	C1312	Cash in Bank
13120013	BNYM-Conc - E-Return - Mellon	C1312	Cash in Bank
13120014	BNYM-Conc - E-Return - Online Resource Ck Conv	C1312	Cash in Bank
13120015	BNYM-Conc - Customer Accts Receiv Ck Conversion	C1312	Cash in Bank
13120016	BNYM-Conc - NSF Return Payments	C1312	Cash in Bank
13120017	BNYM-Conc - Misc Debits/Credits	C1312	Cash in Bank
13120100	BNYM Pass thru-IL	C1312	Cash in Bank
13120101	BNYM Pass thru-IL - Outbound Wire	C1312	Cash in Bank
13120104	BNYM Pass thru-IL - Inbound Wires & ACH	C1312	Cash in Bank
13120106	BNYM Pass thru-IL - Customer Direct Debit	C1312	Cash in Bank
13120107	BNYM Pass thru-IL - Customer ACH	C1312	Cash in Bank
13120108	BNYM Pass thru-IL - Customer Lockbox	C1312	Cash in Bank
13120109	BNYM Pass thru-IL - Online Resources Credit Corp	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13120110	BNYM Pass thru-IL - First Tech	C1312	Cash in Bank
13120111	BNYM Pass thru-IL - FiServ (fka CheckFree)	C1312	Cash in Bank
13120112	BNYM Pass thru-IL - Penn Credit	C1312	Cash in Bank
13120113	BNYM Pass thru-IL - E-Return - Mellon	C1312	Cash in Bank
13120114	BNYM Pass thru-IL - E-Return - Online Rsrc Ck Conv	C1312	Cash in Bank
13120115	BNYM Pass thru-IL - Customer A/R Ck Conversion	C1312	Cash in Bank
13120116	BNYM Pass thru-IL - NSF Return Payments	C1312	Cash in Bank
13120117	BNYM Pass thru-IL - Misc Debits/Credits	C1312	Cash in Bank
13120200	BNYM Pass thru-NJ	C1312	Cash in Bank
13120201	BNYM Pass thru-NJ - Outbound Wire	C1312	Cash in Bank
13120204	BNYM Pass thru-NJ - Inbound Wires & ACH	C1312	Cash in Bank
13120206	BNYM Pass thru-NJ - Customer Direct Debit	C1312	Cash in Bank
13120207	BNYM Pass thru-NJ - Customer ACH	C1312	Cash in Bank
13120208	BNYM Pass thru-NJ - Customer Lockbox	C1312	Cash in Bank
13120209	BNYM Pass thru-NJ - Online Resources Credit Corp	C1312	Cash in Bank
13120211	BNYM Pass thru-NJ - FiServ (fka CheckFree)	C1312	Cash in Bank
13120212	BNYM Pass thru-NJ - Penn Credit	C1312	Cash in Bank
13120213	BNYM Pass thru-NJ - E-Return - Mellon	C1312	Cash in Bank
13120214	BNYM Pass thru-NJ - E-Return - Online Rsrc Ck Conv	C1312	Cash in Bank
13120215	BNYM Pass thru-NJ - Customer A/R Ck Conversion	C1312	Cash in Bank
13120216	BNYM Pass thru-NJ - NSF Return Payments	C1312	Cash in Bank
13120217	BNYM Pass thru-NJ - Misc Debits/Credits	C1312	Cash in Bank
13120300	BNYM Pass thru-NE	C1312	Cash in Bank
13120301	BNYM Pass thru-NE - Outbound Wire	C1312	Cash in Bank
13120304	BNYM Pass thru-NE - Inbound Wires & ACH	C1312	Cash in Bank
13120306	BNYM Pass thru-NE - Customer Direct Debit	C1312	Cash in Bank
13120307	BNYM Pass thru-NE - Customer ACH	C1312	Cash in Bank
13120308	BNYM Pass thru-NE - Customer Lockbox	C1312	Cash in Bank
13120309	BNYM Pass thru-NE - Online Resources Credit Corp	C1312	Cash in Bank
13120310	BNYM Pass thru-NE - First Tech	C1312	Cash in Bank
13120311	BNYM Pass thru-NE - FiServ (fka CheckFree)	C1312	Cash in Bank
13120312	BNYM Pass thru-NE - Penn Credit	C1312	Cash in Bank
13120313	BNYM Pass thru-NE - E-Return - Mellon	C1312	Cash in Bank
13120314	BNYM Pass thru-NE - E-Return - Online Rsrc Ck Conv	C1312	Cash in Bank
13120315	BNYM Pass thru-NE - Customer A/R Ck Conversion	C1312	Cash in Bank
13120316	BNYM Pass thru-NE - NSF Return Payments	C1312	Cash in Bank
13120317	BNYM Pass thru-NE - Misc Debits/Credits	C1312	Cash in Bank
13120400	BNYM Pass thru-CA	C1312	Cash in Bank
13120401	BNYM Pass thru-CA - Outbound Wire	C1312	Cash in Bank
13120404	BNYM Pass thru-CA - Inbound Wires & ACH	C1312	Cash in Bank
13120406	BNYM Pass thru-CA - Customer Direct Debit	C1312	Cash in Bank
13120407	BNYM Pass thru-CA - Customer ACH	C1312	Cash in Bank
13120408	BNYM Pass thru-CA - Customer Lockbox	C1312	Cash in Bank
13120409	BNYM Pass thru-CA - Online Resources Credit Corp	C1312	Cash in Bank
13120411	BNYM Pass thru-CA - FiServ (fka CheckFree)	C1312	Cash in Bank
13120412	BNYM Pass thru-CA - Penn Credit	C1312	Cash in Bank
13120413	BNYM Pass thru-CA - E-Return - Mellon	C1312	Cash in Bank
13120414	BNYM Pass thru-CA - E-Return - Online Rsrc Ck Conv	C1312	Cash in Bank
13120415	BNYM Pass thru-CA - Customer A/R Ck Conversion	C1312	Cash in Bank
13120416	BNYM Pass thru-CA - NSF Return Payments	C1312	Cash in Bank
13120417	BNYM Pass thru-CA - Misc Debits/Credits	C1312	Cash in Bank
13121000	BNYM IN	C1312	Cash in Bank
13121001	BNYM IN - Outbound Wire	C1312	Cash in Bank
13121004	BNYM IN - Inbound Wires & ACH	C1312	Cash in Bank
13121006	BNYM IN - Customer Direct Debit	C1312	Cash in Bank
13121007	BNYM IN - Customer ACH	C1312	Cash in Bank
13121008	BNYM IN - Customer Lockbox	C1312	Cash in Bank
13121009	BNYM IN - Credit Card and E-Checks	C1312	Cash in Bank
13121010	BNYM IN - First Tech	C1312	Cash in Bank
13121012	BNYM IN - Penn Credit - 3rd Party Collections	C1312	Cash in Bank
13121013	BNYM IN - E-Return - Mellon	C1312	Cash in Bank
13121014	BNYM IN -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121015	BNYM IN - Customer A/R Ck Conversion	C1312	Cash in Bank
13121016	BNYM IN - NSF Return Payments	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13121017	BNYM IN - Misc Debits/Credits	C1312	Cash in Bank
13121018	BNYM IN - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121100	BNYM IA	C1312	Cash in Bank
13121101	BNYM IA - Outbound Wire	C1312	Cash in Bank
13121104	BNYM IA - Inbound Wires & ACH	C1312	Cash in Bank
13121106	BNYM IA - Customer Direct Debit	C1312	Cash in Bank
13121107	BNYM IA - Customer ACH	C1312	Cash in Bank
13121108	BNYM IA - Customer Lockbox	C1312	Cash in Bank
13121109	BNYM IA - Credit Card and E-Checks	C1312	Cash in Bank
13121110	BNYM IA - Firstech Collections	C1312	Cash in Bank
13121111	BNYM IA - FiServ (fka CheckFree)	C1312	Cash in Bank
13121112	BNYM IA - Penn Credit	C1312	Cash in Bank
13121113	BNYM IA - E-Return - Mellon	C1312	Cash in Bank
13121114	BNYM IA -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121115	BNYM IA - Customer A/R Ck Conversion	C1312	Cash in Bank
13121116	BNYM IA - NSF Return Payments	C1312	Cash in Bank
13121117	BNYM IA - Misc Debits/Credits	C1312	Cash in Bank
13121118	BNYM IA - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121200	BNYM KY	C1312	Cash in Bank
13121201	BNYM KY - Outbound Wire	C1312	Cash in Bank
13121204	BNYM KY - Inbound Wires & ACH	C1312	Cash in Bank
13121206	BNYM KY - Customer Direct Debit	C1312	Cash in Bank
13121207	BNYM KY - Customer ACH	C1312	Cash in Bank
13121208	BNYM KY - Customer Lockbox	C1312	Cash in Bank
13121209	BNYM KY - Credit Card and E-Checks	C1312	Cash in Bank
13121211	BNYM KY - FiServ (fka CheckFree)	C1312	Cash in Bank
13121212	BNYM KY - Penn Credit	C1312	Cash in Bank
13121213	BNYM KY - E-Return - Mellon	C1312	Cash in Bank
13121214	BNYM KY -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121215	BNYM KY - Customer A/R Ck Conversion	C1312	Cash in Bank
13121216	BNYM KY - NSF Return Payments	C1312	Cash in Bank
13121217	BNYM KY - Misc Debits/Credits	C1312	Cash in Bank
13121218	BNYM KY - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121300	BNYM MD	C1312	Cash in Bank
13121301	BNYM MD - Outbound Wire	C1312	Cash in Bank
13121304	BNYM MD - Inbound Wires & ACH	C1312	Cash in Bank
13121306	BNYM MD - Customer Direct Debit	C1312	Cash in Bank
13121307	BNYM MD - Customer ACH	C1312	Cash in Bank
13121308	BNYM MD - Customer Lockbox	C1312	Cash in Bank
13121309	BNYM MD - Credit Card and E-Checks	C1312	Cash in Bank
13121311	BNYM MD - FiServ (fka CheckFree)	C1312	Cash in Bank
13121312	BNYM MD - Penn Credit	C1312	Cash in Bank
13121313	BNYM MD - E-Return - Mellon	C1312	Cash in Bank
13121314	BNYM MD -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121315	BNYM MD - Customer A/R Ck Conversion	C1312	Cash in Bank
13121316	BNYM MD - NSF Return Payments	C1312	Cash in Bank
13121317	BNYM MD - Misc Debits/Credits	C1312	Cash in Bank
13121318	BNYM MD - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121500	BNYM CA - Main	C1312	Cash in Bank
13121501	BNYM CA - Outbound Wire	C1312	Cash in Bank
13121504	BNYM CA - Inbound Wires & ACH	C1312	Cash in Bank
13121506	BNYM CA - Customer Direct Debit	C1312	Cash in Bank
13121507	BNYM CA - Customer ACH	C1312	Cash in Bank
13121508	BNYM CA - Customer Lockbox	C1312	Cash in Bank
13121509	BNYM CA - Credit Card and E-Checks	C1312	Cash in Bank
13121511	BNYM CA - FiServ (fka CheckFree)	C1312	Cash in Bank
13121512	BNYM CA - Penn Credit	C1312	Cash in Bank
13121513	BNYM CA - E-Return - Mellon	C1312	Cash in Bank
13121514	BNYM CA - Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121515	BNYM CA - Customer A/R Ck Conversion	C1312	Cash in Bank
13121516	BNYM CA - NSF Return Payments	C1312	Cash in Bank
13121517	BNYM CA - Misc Debits/Credits	C1312	Cash in Bank
13121518	BNYM CA - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121700	BNYM MO	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13121701	BNYM MO - Outbound Wire	C1312	Cash in Bank
13121704	BNYM MO - Inbound Wires & ACH	C1312	Cash in Bank
13121706	BNYM MO - Customer Direct Debit	C1312	Cash in Bank
13121707	BNYM MO - Customer ACH	C1312	Cash in Bank
13121708	BNYM MO - Customer Lockbox	C1312	Cash in Bank
13121709	BNYM MO - Credit Card and E-Checks	C1312	Cash in Bank
13121710	BNYM MO - First Tech	C1312	Cash in Bank
13121712	BNYM MO - Penn Credit	C1312	Cash in Bank
13121713	BNYM MO - E-Return - Mellon	C1312	Cash in Bank
13121714	BNYM MO -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121715	BNYM MO - Customer A/R Ck Conversion	C1312	Cash in Bank
13121716	BNYM MO - NSF Return Payments	C1312	Cash in Bank
13121717	BNYM MO - Misc Debits/Credits	C1312	Cash in Bank
13121718	BNYM MO - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121800	BNYM NJ	C1312	Cash in Bank
13121801	BNYM NJ - Outbound Wire	C1312	Cash in Bank
13121804	BNYM NJ - Inbound Wires & ACH	C1312	Cash in Bank
13121806	BNYM NJ - Customer Direct Debit	C1312	Cash in Bank
13121807	BNYM NJ - Customer ACH	C1312	Cash in Bank
13121808	BNYM NJ - Customer Lockbox	C1312	Cash in Bank
13121809	BNYM NJ - Credit Card and E-Checks	C1312	Cash in Bank
13121811	BNYM NJ - FiServ (fka CheckFree)	C1312	Cash in Bank
13121812	BNYM NJ - Penn Credit	C1312	Cash in Bank
13121813	BNYM NJ - E-Return - Mellon	C1312	Cash in Bank
13121814	BNYM NJ - Credit Card & Echeck E-Returns	C1312	Cash in Bank
13121815	BNYM NJ - Customer A/R Ck Conversion	C1312	Cash in Bank
13121816	BNYM NJ - NSF Return Payments	C1312	Cash in Bank
13121817	BNYM NJ - Misc Debits/Credits	C1312	Cash in Bank
13121818	BNYM NJ - Client Services - 3rd Party Collections	C1312	Cash in Bank
13121900	BNYM NM	C1312	Cash in Bank
13121907	BNYM NM - Customer ACH	C1312	Cash in Bank
13121908	BNYM NM - Customer Lockbox	C1312	Cash in Bank
13121916	BNYM NM - NSF Return Payments	C1312	Cash in Bank
13121917	BNYM NM - Misc Debits/Credits	C1312	Cash in Bank
13122200	BNYM OH	C1312	Cash in Bank
13122207	BNYM OH - Customer ACH	C1312	Cash in Bank
13122208	BNYM OH - Customer Lockbox	C1312	Cash in Bank
13122216	BNYM OH - NSF Return Payments	C1312	Cash in Bank
13122217	BNYM OH - Misc Debits/Credits	C1312	Cash in Bank
13122300	BNYM AZ	C1312	Cash in Bank
13122307	BNYM AZ - Customer ACH	C1312	Cash in Bank
13122308	BNYM AZ - Customer Lockbox	C1312	Cash in Bank
13122316	BNYM AZ - NSF Return Payments	C1312	Cash in Bank
13122317	BNYM AZ - Misc Debits/Credits	C1312	Cash in Bank
13122400	BNYM PA	C1312	Cash in Bank
13122401	BNYM PA - Outbound Wire	C1312	Cash in Bank
13122404	BNYM PA - Inbound Wires & ACH	C1312	Cash in Bank
13122406	BNYM PA - Customer Direct Debit	C1312	Cash in Bank
13122407	BNYM PA - Customer ACH	C1312	Cash in Bank
13122408	BNYM PA - Customer Lockbox	C1312	Cash in Bank
13122409	BNYM PA - Credit Card and E-Checks	C1312	Cash in Bank
13122411	BNYM PA - FiServ (fka CheckFree)	C1312	Cash in Bank
13122412	BNYM PA - Penn Credit	C1312	Cash in Bank
13122413	BNYM PA - E-Return - Mellon	C1312	Cash in Bank
13122414	BNYM PA -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13122415	BNYM PA - Customer A/R Ck Conversion	C1312	Cash in Bank
13122416	BNYM PA - NSF Return Payments	C1312	Cash in Bank
13122417	BNYM PA - Misc Debits/Credits	C1312	Cash in Bank
13122418	BNYM PA - Client Services - 3rd Party Collections	C1312	Cash in Bank
13122500	BNYM IL - Main	C1312	Cash in Bank
13122501	BNYM IL - Outbound Wire	C1312	Cash in Bank
13122504	BNYM IL - Inbound Wires & ACH	C1312	Cash in Bank
13122506	BNYM IL - Customer Direct Debit	C1312	Cash in Bank
13122507	BNYM IL - Customer ACH	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13122508	BNYM IL - Customer Lockbox	C1312	Cash in Bank
13122509	BNYM IL - Credit Card and E-Checks	C1312	Cash in Bank
13122510	BNYM IL - First Tech	C1312	Cash in Bank
13122511	BNYM IL - FiServ (fka CheckFree)	C1312	Cash in Bank
13122512	BNYM IL - Penn Credit	C1312	Cash in Bank
13122513	BNYM IL - E-Return - Mellon	C1312	Cash in Bank
13122514	BNYM IL -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13122515	BNYM IL - Customer A/R Ck Conversion	C1312	Cash in Bank
13122516	BNYM IL - NSF Return Payments	C1312	Cash in Bank
13122517	BNYM IL - Misc Debits/Credits	C1312	Cash in Bank
13122518	BNYM IL - Client Services - 3rd Party Collections	C1312	Cash in Bank
13122600	BNYM TN	C1312	Cash in Bank
13122601	BNYM TN - Outbound Wire	C1312	Cash in Bank
13122604	BNYM TN - Inbound Wires & ACH	C1312	Cash in Bank
13122606	BNYM TN - Customer Direct Debit	C1312	Cash in Bank
13122607	BNYM TN - Customer ACH	C1312	Cash in Bank
13122608	BNYM TN - Customer Lockbox	C1312	Cash in Bank
13122609	BNYM TN - Credit Card and E-Checks	C1312	Cash in Bank
13122610	BNYM TN - Firstech Collections	C1312	Cash in Bank
13122611	BNYM TN - FiServ (fka CheckFree)	C1312	Cash in Bank
13122612	BNYM TN - Penn Credit	C1312	Cash in Bank
13122613	BNYM TN - E-Return - Mellon	C1312	Cash in Bank
13122614	BNYM TN - Credit Card & Echeck E-Returns	C1312	Cash in Bank
13122615	BNYM TN - Customer A/R Ck Conversion	C1312	Cash in Bank
13122616	BNYM TN - NSF Return Payments	C1312	Cash in Bank
13122617	BNYM TN - Misc Debits/Credits	C1312	Cash in Bank
13122618	BNYM TN - Client Services - 3rd Party Collections	C1312	Cash in Bank
13122700	BNYM VA	C1312	Cash in Bank
13122701	BNYM VA - Outbound Wire	C1312	Cash in Bank
13122704	BNYM VA - Inbound Wires & ACH	C1312	Cash in Bank
13122706	BNYM VA - Customer Direct Debit	C1312	Cash in Bank
13122707	BNYM VA - Customer ACH	C1312	Cash in Bank
13122708	BNYM VA - Customer Lockbox	C1312	Cash in Bank
13122709	BNYM VA - Credit Card and E-Checks	C1312	Cash in Bank
13122711	BNYM VA - FiServ (fka CheckFree)	C1312	Cash in Bank
13122712	BNYM VA - Penn Credit	C1312	Cash in Bank
13122713	BNYM VA - E-Return - Mellon	C1312	Cash in Bank
13122714	BNYM VA -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13122715	BNYM VA - Customer A/R Ck Conversion	C1312	Cash in Bank
13122716	BNYM VA - NSF Return Payments	C1312	Cash in Bank
13122717	BNYM VA - Misc Debits/Credits	C1312	Cash in Bank
13122718	BNYM VA - Client Services - 3rd Party Collections	C1312	Cash in Bank
13122800	BNYM WV	C1312	Cash in Bank
13122801	BNYM WV - Outbound Wire	C1312	Cash in Bank
13122804	BNYM WV - Inbound Wires & ACH	C1312	Cash in Bank
13122806	BNYM WV - Customer Direct Debit	C1312	Cash in Bank
13122807	BNYM WV - Customer ACH	C1312	Cash in Bank
13122808	BNYM WV - Customer Lockbox	C1312	Cash in Bank
13122809	BNYM WV - Credit Card and E-Checks	C1312	Cash in Bank
13122811	BNYM WV - FiServ (fka CheckFree)	C1312	Cash in Bank
13122812	BNYM WV - Penn Credit	C1312	Cash in Bank
13122813	BNYM WV - E-Return - Mellon	C1312	Cash in Bank
13122814	BNYM WV -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13122815	BNYM WV - Customer A/R Ck Conversion	C1312	Cash in Bank
13122816	BNYM WV - NSF Return Payments	C1312	Cash in Bank
13122817	BNYM WV - Misc Debits/Credits	C1312	Cash in Bank
13122818	BNYM WV - Client Services - 3rd Party Collections	C1312	Cash in Bank
13123000	BNYM HI	C1312	Cash in Bank
13123001	BNYM HI - Outbound Wire	C1312	Cash in Bank
13123004	BNYM HI - Inbound Wires & ACH	C1312	Cash in Bank
13123006	BNYM HI - Customer Direct Debit	C1312	Cash in Bank
13123007	BNYM HI - Customer ACH	C1312	Cash in Bank
13123008	BNYM HI - Customer Lockbox	C1312	Cash in Bank
13123009	BNYM HI - Credit Card and E-Checks	C1312	Cash in Bank

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
13123010	BNYM HI - First Tech	C1312	Cash in Bank
13123011	BNYM HI - FiServ (fka CheckFree)	C1312	Cash in Bank
13123012	BNYM HI - Penn Credit	C1312	Cash in Bank
13123013	BNYM HI - E-Return - Mellon	C1312	Cash in Bank
13123014	BNYM HI -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13123015	BNYM HI - Customer A/R Ck Conversion	C1312	Cash in Bank
13123016	BNYM HI - NSF Return Payments	C1312	Cash in Bank
13123017	BNYM HI - Misc Debits/Credits	C1312	Cash in Bank
13123018	BNYM HI - Client Services - 3rd Party Collections	C1312	Cash in Bank
13123800	BNYM NY	C1312	Cash in Bank
13123801	BNYM NY - Outbound Wire	C1312	Cash in Bank
13123804	BNYM NY - Inbound Wires & ACH	C1312	Cash in Bank
13123806	BNYM NY - Customer Direct Debit	C1312	Cash in Bank
13123807	BNYM NY - Customer ACH	C1312	Cash in Bank
13123808	BNYM NY - Customer Lockbox	C1312	Cash in Bank
13123809	BNYM NY - Credit Card and E-Checks	C1312	Cash in Bank
13123810	BNYM NY - First Tech	C1312	Cash in Bank
13123811	BNYM NY - FiServ (fka CheckFree)	C1312	Cash in Bank
13123812	BNYM NY - Penn Credit	C1312	Cash in Bank
13123813	BNYM NY - E-Return - Mellon	C1312	Cash in Bank
13123814	BNYM NY -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13123815	BNYM NY - Customer A/R Ck Conversion	C1312	Cash in Bank
13123816	BNYM NY - NSF Return Payments	C1312	Cash in Bank
13123817	BNYM NY - Misc Debits/Credits	C1312	Cash in Bank
13123818	BNYM NY - Client Services - 3rd Party Collections	C1312	Cash in Bank
13125200	BNYM EWC	C1312	Cash in Bank
13125201	BNYM EWC - Outbound Wire	C1312	Cash in Bank
13125204	BNYM EWC - Inbound Wires & ACH	C1312	Cash in Bank
13125206	BNYM EWC - Customer Direct Debit	C1312	Cash in Bank
13125208	BNYM EWC - Customer Lockbox	C1312	Cash in Bank
13125209	BNYM EWC - Online Resources Credit Corp	C1312	Cash in Bank
13125210	BNYM EWC - First Tech	C1312	Cash in Bank
13125211	BNYM EWC - FiServ (fka CheckFree)	C1312	Cash in Bank
13125212	BNYM EWC - Penn Credit	C1312	Cash in Bank
13125213	BNYM EWC - E-Return - Mellon	C1312	Cash in Bank
13125214	BNYM EWC - E-Return - Online Resource Ck Conv	C1312	Cash in Bank
13125215	BNYM EWC - Customer A/R Ck Conversion	C1312	Cash in Bank
13125216	BNYM EWC - NSF Return Payments	C1312	Cash in Bank
13125217	BNYM EWC - Misc Debits/Credits	C1312	Cash in Bank
13125300	BNYM MH	C1312	Cash in Bank
13125301	BNYM MH - Outbound Wire	C1312	Cash in Bank
13125306	BNYM MH - Customer Direct Debit	C1312	Cash in Bank
13125308	BNYM MH - Customer Lockbox	C1312	Cash in Bank
13125309	BNYM MH - Online Resources Credit Corp	C1312	Cash in Bank
13125310	BNYM MH - First Tech	C1312	Cash in Bank
13125311	BNYM MH - FiServ (fka CheckFree)	C1312	Cash in Bank
13125312	BNYM MH - Penn Credit	C1312	Cash in Bank
13125313	BNYM MH - E-Return - Mellon	C1312	Cash in Bank
13125314	BNYM MH - E-Return - Online Resource Ck Conv	C1312	Cash in Bank
13125315	BNYM MH - Customer A/R Ck Conversion	C1312	Cash in Bank
13125316	BNYM MH - NSF - Return Payments	C1312	Cash in Bank
13125317	BNYM MH - Misc Debits/Credits	C1312	Cash in Bank
13140000	PNC AWCC-Concentration	C234	N/P Assoc Co
13140001	PNC AWCC-Concentration - Outbound Wire	C234	N/P Assoc Co
13140002	PNC AWCC-Concentration - Outbound ACH	C234	N/P Assoc Co
13140004	PNC AWCC-Concentration - Inbound Wires & ACH	C234	N/P Assoc Co
13140005	PNC AWCC-Concentration - ZBA Activity	C234	N/P Assoc Co
13140012	PNC AWCC-Concentration - Penn Credit	C234	N/P Assoc Co
13140017	PNC AWCC-Concentration - Misc Debits/Credits	C234	N/P Assoc Co
13140100	PNC AWCC-Accounts Payable	C234	N/P Assoc Co
13140102	PNC AWCC-Accounts Payable - Outbound ACH	C234	N/P Assoc Co
13140103	PNC AWCC-Accounts Payable - Outbound Check	C234	N/P Assoc Co
13140104	PNC AWCC-Accounts Payable - Inbound Wires & ACH	C234	N/P Assoc Co
13140105	PNC AWCC-Accounts Payable - ZBA Activity	C234	N/P Assoc Co

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13140117	PNC AWCC-Accounts Payable - Misc Debits/Credits	C234	N/P Assoc Co
13140200	PNC AWCC-Payroll	C234	N/P Assoc Co
13140202	PNC AWCC-Payroll - Outbound ACH	C234	N/P Assoc Co
13140203	PNC AWCC-Payroll - Outbound Check	C234	N/P Assoc Co
13140204	PNC AWCC-Payroll - Inbound Wires & ACH	C234	N/P Assoc Co
13140205	PNC AWCC-Payroll - ZBA Activity	C234	N/P Assoc Co
13140217	PNC AWCC-Payroll - Misc Debits/Credits	C234	N/P Assoc Co
13140300	PNC AWCC-Customer Refund	C234	N/P Assoc Co
13140303	PNC AWCC-Customer Refund - Outbound Check	C234	N/P Assoc Co
13140304	PNC AWCC-Customer Refund - Inbound Wires & ACH	C234	N/P Assoc Co
13140305	PNC AWCC-Customer Refund - ZBA Activity	C234	N/P Assoc Co
13140317	PNC AWCC-Customer Refund - Misc Debits/Credits	C234	N/P Assoc Co
13140400	PNC AWCC-Commercial Paper	C234	N/P Assoc Co
13140401	PNC AWCC-Commercial Paper - Outbound Wire	C234	N/P Assoc Co
13140402	PNC AWCC-Commercial Paper - Outbound ACH	C234	N/P Assoc Co
13140404	PNC AWCC-Commercial Paper - Inbound Wires & ACH	C234	N/P Assoc Co
13140417	PNC AWCC-Commercial Paper - Misc Debits/Credits	C234	N/P Assoc Co
13140500	PNC AWCC- Credit Line	C234	N/P Assoc Co
13140501	PNC AWCC- Credit Line - Outbound Wire	C234	N/P Assoc Co
13140502	PNC AWCC- Credit Line - Outbound ACH	C234	N/P Assoc Co
13140504	PNC AWCC- Credit Line - Inbound Wires & ACH	C234	N/P Assoc Co
13140517	PNC AWCC- Credit Line - Misc Debits/Credits	C234	N/P Assoc Co
13140600	PNC AWCC-Misc Items Lockbox	C234	N/P Assoc Co
13140601	PNC AWCC-Misc Items Lockbox - Outbound Wire	C234	N/P Assoc Co
13140602	PNC AWCC-Misc Items Lockbox - Outbound ACH	C234	N/P Assoc Co
13140604	PNC AWCC-Misc Items Lockbox - Inbound Wires & ACH	C234	N/P Assoc Co
13140617	PNC AWCC-Misc Items Lockbox - Misc Debits/Credits	C234	N/P Assoc Co
13140700	PNC AWCC-AP Vendor Payment	C234	N/P Assoc Co
13140701	PNC AWCC-AP Vendor Payment - Outbound Wire	C234	N/P Assoc Co
13140702	PNC AWCC-AP Vendor Payment - Oubound ACH	C1312	Cash in Bank
13140704	PNC AWCC-AP Vendor Payment - Inbound Wires & ACH	C234	N/P Assoc Co
13140705	PNC AWCC-AP Vendor Payment - ZBA Activity	C234	N/P Assoc Co
13161200	US Bank KY - Main	C1312	Cash in Bank
13161201	KY- US Bank Outbound and ACH	C1312	Cash in Bank
13161204	KY- US Bank Inbound Wire and ACH	C1312	Cash in Bank
13161206	US Bank KY - Customer Direct Debit	C1312	Cash in Bank
13161207	US Bank KY - Customer ACH	C1312	Cash in Bank
13161208	US Bank KY - Customer Lockbox	C1312	Cash in Bank
13161209	US Bank KY - Credit Card and E-Checks	C1312	Cash in Bank
13161210	US Bank KY - Firstech Collections	C1312	Cash in Bank
13161211	US Bank KY - FiServ (aka CheckFree)	C1312	Cash in Bank
13161212	US Bank KY - Penn Credit	C1312	Cash in Bank
13161213	US Bank KY - E-Return - US Bank	C1312	Cash in Bank
13161214	US Bank KY -Credit Card & Echeck E-Returns	C1312	Cash in Bank
13161215	US Bank KY - Customer A/R Ck Conversion	C1312	Cash in Bank
13161216	US Bank KY - NSF Return Payments	C1312	Cash in Bank
13161217	US Bank KY - Misc Debits/Credits	C1312	Cash in Bank
13161218	US Bank KY - Client Services-3rd Party Collections	C1312	Cash in Bank
13164600	USBANK Concentration Account	C1312	Cash in Bank
13164699	USBANK Concentration Clearing Account	C1312	Cash in Bank
13180100	Suntrust TN	C1312	Cash in Bank
13180101	Suntrust TN - Outbound Wire	C1312	Cash in Bank
13180106	Suntrust TN - Customer Direct Debit	C1312	Cash in Bank
13180108	Suntrust TN - Customer Lockbox	C1312	Cash in Bank
13180109	Suntrust TN - Online Resources Credit Corp	C1312	Cash in Bank
13180111	Suntrust TN - FiServ (fka CheckFree)	C1312	Cash in Bank
13180112	Suntrust TN - Penn Credit	C1312	Cash in Bank
13180113	Suntrust TN - E-Return - Mellon	C1312	Cash in Bank
13180114	Suntrust TN - E-Return - Online Resource Ck Conv	C1312	Cash in Bank
13180115	Suntrust TN - Customer A/R Ck Conversion	C1312	Cash in Bank
13180116	Suntrust TN - NSF - Return Payments	C1312	Cash in Bank
13180117	Suntrust TN - Misc Debits/Credits	C1312	Cash in Bank
13180200	River Valley: Incredible Bank	C1312	Cash in Bank
13180201	River Valley MI - Outbound Wire	C1312	Cash in Bank

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13180202	River Valley MI - Outbound ACH	C1312	Cash in Bank
13180208	River Valley MI - Customer Lockbox	C1312	Cash in Bank
13180216	River Valley MI - NSF Return Payments	C1312	Cash in Bank
13180217	River Valley MI - Misc Debits/Credits	C1312	Cash in Bank
13180300	First Hawaiian HI	C1312	Cash in Bank
13180301	First Hawaiian HI - Outbound Wire	C1312	Cash in Bank
13180302	First Hawaiian HI - Outbound ACH	C1312	Cash in Bank
13180308	First Hawaiian HI - Customer Lockbox	C1312	Cash in Bank
13180316	First Hawaiian HI - NSF Return Payments	C1312	Cash in Bank
13180317	First Hawaiian HI - Misc Debits/Credits	C1312	Cash in Bank
13180400	Union First VA	C1312	Cash in Bank
13180401	Union First VA - Outbound Wire	C1312	Cash in Bank
13180402	Union First VA - Outbound ACH	C1312	Cash in Bank
13180408	Union First VA - Customer Lockbox	C1312	Cash in Bank
13180417	Union First VA - Misc Debits/Credits	C1312	Cash in Bank
13181201	KY- US Bank Outbound Wire	C1312	Cash in Bank
13181202	KY- US Bank Outbound ACH	C1312	Cash in Bank
13181204	KY- US Bank Inbound Wire and ACH	C1312	Cash in Bank
13181211	Community Trust Bank KY - FiServ (aka CheckFree)	C1312	Cash in Bank
13181220	US Bank for Kiosk in Owenton, KY	C1312	Cash in Bank
13181800	TD Bank - Gift Card Incentive	C1312	Cash in Bank
13182400	PNC Conveyance Fee Escrow - Main	C1312	Cash in Bank
13182401	PNC Conveyance Fee Escrow - Outbound Wire	C1312	Cash in Bank
13182417	PNC Conveyance Fee Escrow - Misc Debits/Credits	C1312	Cash in Bank
13182500	Busey Bank IL-Collections for Bollingbrook	C1312	Cash in Bank
13182516	Busey Bank IL-NSF Return Payments-Bollingbrook	C1312	Cash in Bank
13182600	First Volunteer Bank, Whitwell, TN	C1312	Cash in Bank
13182820	PNC for Kiosk in Charleston, WV	C1312	Cash in Bank
13199001	Cash Clearing - NSF Check	C1312	Cash in Bank
13199002	Cash Clearing - Mixed Payments	C1312	Cash in Bank
13199003	Cash Clearing - Misc Debits/Credits	C1312	Cash in Bank
13199004	Cash Clearing - MI's	C1312	Cash in Bank
13199005	Cash Clearing - ORCOM	C1312	Cash in Bank
13199006	Cash Clearing - Intercompany	C1312	Cash in Bank
13199999	Cash Conversion History	C1312	Cash in Bank
13500000	Petty Cash	C134	Working Funds
13600000	Temp Investments - under 90 days	C135	Temp Cash Investment
13700000	Temp Investments - over 90 days	C135	Temp Cash Investment
13800000	Funds Restricted for Construction - Current	C1312	Cash in Bank
14100000	A/R - Customer - CIS Reconciliation	C141	Customer Accts Recei
14100001	A/R - Customer - Non-Regulated	C141	Customer Accts Recei
14100002	A/R - Customer - Unallocated	C141	Customer Accts Recei
14100003	A/R - Customer - ECIS	C141	Customer Accts Recei
14100010	A/R - Customer - Miscellaneous - PAW Other	C141	Customer Accts Recei
14100020	A/R - Customer - Pittsburgh	C141	Customer Accts Recei
14100099	A/R - Customer - Clearing - Credit Rfnd Processing	C141	Customer Accts Recei
14100998	A/R - Customer - Payment Clarification	C141	Customer Accts Recei
14100999	A/R - Customer - Returns Clarification	C141	Customer Accts Recei
14300000	Allowance for Uncollectible Accounts	C143	Accu Provision for U
14300001	Allowance for Uncollectible Accounts Non-Regulated	C143	Accu Provision for U
14399999	Allowance for Uncollectable Accts - CIS Conversion	C143	Accu Provision for U
14400000	Unbilled Utility Revenue	C173	Accrued Utility Reve
14400001	Unbilled Utility Revenue Non-Regulated	C173	Accrued Utility Reve
14510000	A/R Assoc Cos - Miscellaneous	C145	A/R from Assoc Co
14510041	AR Associated Cos - AWI IOTG	C145	A/R from Assoc Co
14510100	A/R Assoc Cos - Reconciliation Account	C145	A/R from Assoc Co
14510600	Intercompany System Clearing -CIS Only	C145	A/R from Assoc Co
14510999	A/R Assoc Cos - Settlement Clearing	C145	A/R from Assoc Co
14511000	A/R Assoc Cos - Service Company Bill	C145	A/R from Assoc Co
14511001	A/R Assoc Cos - Service Company Bill	C145	A/R from Assoc Co
14511031	A/R Assoc Cos - Service Settlement AWE	C145	A/R from Assoc Co
14511039	A/R Assoc Cos - Service Settlement New York Aqua	C145	A/R from Assoc Co
14511054	A/R Assoc Cos - Service Settlement Edison	C145	A/R from Assoc Co
14511055	A/R Assoc Cos - Service Settlement Liberty	C145	A/R from Assoc Co

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14511056	A/R Assoc Cos - Service Settlement E'Town Services	C145	A/R from Assoc Co
14511070	A/R Assoc Cos - SC AIW	C145	A/R from Assoc Co
14511076	A/R Assoc Cos - One Water Street LLC	C145	A/R from Assoc Co
14511077	A/R Assoc Cos - AW Intellectual Properties	C145	A/R from Assoc Co
14511081	A/R Assoc Cos - Service Settlement AWE HOS	C145	A/R from Assoc Co
14511082	A/R Assoc Cos - Service Settlement AWE Pivotal	C145	A/R from Assoc Co
14511083	A/R Assoc Cos - Service Settlement AWE MSG	C145	A/R from Assoc Co
14511084	A/R Assoc Cos - Service Settlement AWE CSG	C145	A/R from Assoc Co
14512000	A/R Assoc Cos - Payroll Tax	C145	A/R from Assoc Co
14512500	A/R Assoc Cos - Payroll Disbursements	C145	A/R from Assoc Co
14571000	A/R Assoc Cos - Dividend Receivable	C171	Accrued Int/Div Rece
14572000	A/R Assoc Cos - Interest Receivable	C171	Accrued Int/Div Rece
14573000	A/R Assoc Cos - Dividend Equivalents	C145	A/R from Assoc Co
14574000	N/R Assoc Co's	C146	N/R from Assoc Co
14575000	Capital Lease Rec Assoc Cos	C145	A/R from Assoc Co
14575500	Unearned Capital Lease Rec Assoc Cos	C145	A/R from Assoc Co
14576000	N/R Term Loan - Assoc Cos	C146	N/R from Assoc Co
14610000	Misc A/R - Reconciliation Account	C142	Other Accounts Recei
14610099	Misc A/R - Conversion	C142	Other Accounts Recei
14611000	Misc A/R - Manual	C142	Other Accounts Recei
14611200	Misc A/R - Retro Insurance	C142	Other Accounts Recei
14611300	Misc A/R - Liability Insurance	C142	Other Accounts Recei
14611500	Misc A/R - Medicare Subsidy	C142	Other Accounts Recei
14612500	Misc A/R - OPEB Trust	C142	Other Accounts Recei
14613000	Misc A/R - Employees	C142	Other Accounts Recei
14613100	Misc A/R - Employees Payroll	C142	Other Accounts Recei
14619999	Misc A/R - Miscellaneous Invoice Lockbox Clearing	C142	Other Accounts Recei
14620000	Misc Rec - Allow for Uncollectible Accts	C142	Other Accounts Recei
14640000	Notes Receivable	C144	Notes Receivable
14670000	Accrued Interest & Dividend Receivable	C171	Accrued Int/Div Rece
14690000	Current Portion LT Receivable	C142	Other Accounts Recei
14810000	Income Tax Receivable - SIT	C142	Other Accounts Recei
14820000	Income Tax Receivable - FIT	C142	Other Accounts Recei
15110000	Inventory - Plant Material	C151	Plant Material & Sup
15120000	Inventory - Fuel	C151	Plant Material & Sup
15130000	Inventory - Chemicals	C151	Plant Material & Sup
15140000	Inventory - Other Materials & Supplies	C153	Other Material & Sup
15199995	Inventory - Inventory - Shippers Edge Freight Clearing	C153	Other Material & Sup
15199997	Inventory - Price Difference	C153	Other Material & Sup
15199998	Inventory - Consignment Clearing	C153	Other Material & Sup
15199999	Inventory - Conversion	C153	Other Material & Sup
16410000	Other Special Deposits	C133	Other Special Deposi
16420000	Other Current Assets	C174	Misc Current & Accr
16421000	Current Portion Tax Credits Receivable	C174	Misc Current & Accr
16422000	Other Current Assets - OPEB Repurpose	C174	Misc Current & Accr
16430000	Assets Held For Sale	C174	Misc Current & Accr
16440000	Deferred Acquisition Costs	C133	Other Special Deposi
16510000	Prepaid Taxes	C162	Prepayments
16510001	Prepaid Taxes - CIS-San Diego License/Franch Tax	C162	Prepayments
16510002	Transaction Tax Refund Receivable	C162	Prepayments
16520000	Prepaid Insurance	C162	Prepayments
16525000	Prepaid Insurance - Intercompany	C162	Prepayments
16530000	Prepaid PUC/PSC Assessment	C162	Prepayments
16540000	Prepaid Audit Fees	C162	Prepayments
16550000	Prepaid Other	C162	Prepayments
16550010	Prepaid Other - Global	C162	Prepayments
16611000	Reg Asset-OCA tax	C174	Misc Current & Accr
16612000	Reg Asset-OCA non tax	C174	Misc Current & Accr
16613000	Reg Asset-Reg Asset - Deferred Vacation Pay	C174	Misc Current & Accr
17420000	Income Tax Receivable - Federal - Current Portion	C174	Misc Current & Accr
17430000	Income Tax Receivable - State - Current Portion	C174	Misc Current & Accr
18503000	Reg Asset-Inc Tax Rec Thru Rates-AFUDC Equity CWIP	C1863	Regulatory Assets
18503500	Reg Asset-Inc Tax Rec Thru Rates-AFUDC Equity	C1863	Regulatory Assets
18504000	Reg Asset-Inc Tax Rec Thru Rates-Fed Flow thru	C1863	Regulatory Assets

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
18504500	Reg Asset-Inc Tax Rec Thru Rates-Other	C1863	Regulatory Assets
18505000	Reg Asset-Inc Tax Rec Thru Rates-St Flow Thru	C1863	Regulatory Assets
18505100	Reg Asset-Inc Tax Rec Thru Rates-St Tax Chg	C1863	Regulatory Assets
18505500	Reg Asset-Inc Tax Rec Thru Rates-Acc Amort	C1863	Regulatory Assets
18506000	Reg Asset-Inc Tax Rec Thru Rates-Reg Liab Reclass	C1863	Regulatory Assets
18610000	Reg Asset - Deferred Programmed Maint	C1862	Other Deferred Debit
18620000	Reg Asset - Deferred Rate Case	C1861	Deferred Rate Case
18631000	Reg Asset - Deferred OPEB	C1862	Other Deferred Debit
18632000	Reg Asset - Deferred OPEB Service Co	C1862	Other Deferred Debit
18641000	Reg Asset - Deferred Pension	C1862	Other Deferred Debit
18642000	Reg Asset - Deferred Pension Service Co	C1862	Other Deferred Debit
18650000	Reg Asset - Purchase Prem Rec Thru Rates	C1862	Other Deferred Debit
18661000	Reg Asset - Unamortized Debt Exp	C181	Unamort Debt Expense
18661500	Reg Asset - Unamortized Debt Exp Interco	C181	Unamort Debt Expense
18662000	Reg Asset - Unamortized Preferred Stock Exp	C181	Unamort Debt Expense
18680000	Reg Asset - Cost of Removal	C1081	Accu Depr-UP in Serv
18680100	Reg Asset - Cost of Removal - RWIP	C1862	Other Deferred Debit
18680101	Reg Asset - Deferred Vacation Pay	C174	Misc Current & Accr
18680102	Reg Asset - Deferred Cust Service Proj	C183	Prelim Survey & Inve
18680103	Reg Asset - Deferred Financial Services Proj	C183	Prelim Survey & Inve
18680111	Reg Asset - Sick Bank	C1862	Other Deferred Debit
18680113	Reg Asset - Deferred Purchased Water	C1862	Other Deferred Debit
18680126	Reg Asset - FAS112 Costs	C1862	Other Deferred Debit
18680127	Reg Asset - Treatment Plant	C1862	Other Deferred Debit
18680131	Reg Asset - Depreciation Study	C1862	Other Deferred Debit
18680132	Reg Asset - Cost of Service Study	C1862	Other Deferred Debit
18680134	Reg Asset - Post In-Service AFUDC	C1862	Other Deferred Debit
18680135	Reg Asset - Post In-Service Depreciation	C1862	Other Deferred Debit
18680136	Reg Asset - Environmental Remediation	C1862	Other Deferred Debit
18680137	Reg Asset - Rental Costs	C1862	Other Deferred Debit
18680140	Carmel River Mitigatigation Balancing Account	C1862	Other Deferred Debit
18680141	Reg Asset - Oper Energy Efficiency	C1862	Other Deferred Debit
18680142	Reg Asset - Cease & Desist Order	C1862	Other Deferred Debit
18680143	Reg Asset - Cease & Desist Penalty	C1862	Other Deferred Debit
18680144	Reg Asset - Waste Disposal	C1862	Other Deferred Debit
18680145	Reg Asset - Revenue Stabilization	C1862	Other Deferred Debit
18680146	Reg Asset - Public Safety Power Shut-Off Memo Acct	C1861	Deferred Rate Case
18680147	Reg Asset - Low Income Customer Data Sharing	C1862	Other Deferred Debit
18680150	Reg Asset- Low Income Balancing	C1862	Other Deferred Debit
18680151	Reg Asset - Phase 1 ASR	C1862	Other Deferred Debit
18680152	Reg Asset - Seaside ASR	C1862	Other Deferred Debit
18680153	Reg Asset - Patton Well	C1862	Other Deferred Debit
18680154	Reg Asset - Management Study	C1862	Other Deferred Debit
18680160	Reg Asset - Santa Rosa Groundwater Survey	C1862	Other Deferred Debit
18680162	Reg Asset- Closing Costs	C1862	Other Deferred Debit
18680163	Reg Asset - DSIC Surcharge	C1862	Other Deferred Debit
18680164	Reg Asset - Low Income Program Costs	C1862	Other Deferred Debit
18680165	Reg Asset - Interim Rates	C1862	Other Deferred Debit
18680166	Reg Asset - Water Revenue Adjustment Mechanism	C1862	Other Deferred Debit
18680167	Reg Asset - San Clemente Dam AFUDC	C1862	Other Deferred Debit
18680168	Reg Asset - Conservation Surcharge	C1862	Other Deferred Debit
18680169	Reg Asset - Engineering Study	C1862	Other Deferred Debit
18680170	Reg Asset - San Clemente Dam Removal Costs	C1862	Other Deferred Debit
18680171	Sand City Desal Plant Pur Wtr Bal Acct	C1862	Other Deferred Debit
18680172	Reg Asset -Leak Adjustments	C1862	Other Deferred Debit
18680191	Reg Asset - PSTAC Balancing Account	C1862	Other Deferred Debit
18680192	Reg Asset - Additional Security Costs	C1862	Other Deferred Debit
18680194	Reg Asset - Conservation Balancing Acct	C1862	Other Deferred Debit
18680195	Reg Asset - Purch Power & Water Balancing Acct	C1862	Other Deferred Debit
18680196	Reg Asset - Carmel River Dam	C1862	Other Deferred Debit
18680197	Reg Asset - Coastal Water Project Surcharge	C1862	Other Deferred Debit
18680198	Reg Asset - Seaside GW Basin	C1862	Other Deferred Debit
18680199	Reg Asset - Endangered Species Act	C1862	Other Deferred Debit
18680200	Reg Asset - Authorized Balancing Account	C1862	Other Deferred Debit

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
18680207	Reg Asset - EPA Risk and Resiliency Assessment	C1862	Other Deferred Debit
18680208	Reg Asset - Drought Memorandum	C1862	Other Deferred Debit
18680210	Reg Asset - Water Action Plan - Memo Acct	C1862	Other Deferred Debit
18680211	Reg Asset - Conservation/Rationing	C1862	Other Deferred Debit
18680216	Reg Asset - Comprehensive Tax Study	C1862	Other Deferred Debit
18680218	Regulatory Asset - "Make-Whole Premium"	C1862	Other Deferred Debit
18680223	Reg Asset - Credit Card Pilot Program Memo Account	C1862	Other Deferred Debit
18680224	Group Insurance Balancing Account	C1862	Other Deferred Debit
18680226	Regulatory Asset - Enterprise Solutions	C1862	Other Deferred Debit
18680228	Reg Asset - Pandemic Costs	C1861	Deferred Rate Case
18680229	SEI Deferred Costs	C1861	Deferred Rate Case
18680230	Tax Tracker	C1861	Deferred Rate Case
18680295	Reg Asset - EITF	C1862	Other Deferred Debit
18680333	Reg Asset - Cust Lead Svc Line Replacements	C1862	Other Deferred Debit
18680395	Reg Asset - Sacrament VCMRRAMA	C1862	Other Deferred Debit
18689900	Reg Asset - Other	C1862	Other Deferred Debit
18711000	LT Asset - Preliminary Financing Exp	C1862	Other Deferred Debit
18711500	LT Asset - Debt Issuance Cost	C1862	Other Deferred Debit
18712000	LT Asset - SERP Trust	C1862	Other Deferred Debit
18712500	LT Asset - Deferred Comp Trust	C1862	Other Deferred Debit
18713000	LT Asset - Prelim Survey & Investigation	C183	Prelim Survey & Inve
18714200	Income Tax Receivable - Federal - Long Term	C183	Prelim Survey & Inve
18714300	Income Tax Receivable - State - Long Term	C183	Prelim Survey & Inve
18715000	LT Asset - Unamortized Debt Exp Non-Reg	C181	Unamort Debt Expense
18715500	LT Asset - Unamort Debt Exp Non-Reg Interco	C181	Unamort Debt Expense
18715700	LT Asset - Unamort Debt In - Revolver	C181	Unamort Debt Expense
18717000	LT Asset - Deferred Transaction Costs	C1862	Other Deferred Debit
18720000	LT Asset - Swap Contract	C1862	Other Deferred Debit
18740000	LT Asset - Receivable	C1862	Other Deferred Debit
18741000	LT Asset - Intercompany Notes	C1862	Other Deferred Debit
18742000	LT Asset - Intercompany Capital Lease	C1862	Other Deferred Debit
18742100	LT Asset - Intercompany Capital Lease Income	C1862	Other Deferred Debit
18743000	LT Asset - Tax Credits Receivable	C1862	Other Deferred Debit
18750000	LT Asset - Operating Lease Right-Of-Use Assets	C1862	Other Deferred Debit
18790000	LT Asset - Other	C1862	Other Deferred Debit
18790001	LT Asset- Long Term portion of Prepaid Global	C1862	Other Deferred Debit
18790002	LT Asset- Long Term portion of Global Prepaid Ins	C1862	Other Deferred Debit
18791000	LT Asset - OPEB	C1862	Other Deferred Debit
18792000	LT Asset - OPEB Repurpose	C1862	Other Deferred Debit
18800000	Funds Restricted for Construction - LT	C1862	Other Deferred Debit
18800100	LT Asset - Funds Restricted for Construction - SRF	C1862	Other Deferred Debit
20110000	Common Stock - Subs Minority Interest	C201	Common Stk Issued
20120000	Common Stock - Subs Intercompany	C201	Common Stk Issued
20130000	Common Stock - AWK	C201	Common Stk Issued
20510000	Paid-in Capital - Subs Minority Interest	C207	Premium on Capital S
20520000	Paid-in Capital - Subs Intercompany	C211	Other Paid In Capita
20530000	Paid-in Capital - AWK Misc	C207	Premium on Capital S
20530100	Paid-in Capital - AWK Restricted Stock	C211	Other Paid In Capita
20530200	Paid-in Capital - AWK Options	C211	Other Paid In Capita
20530300	Paid-in Capital - AWK RSU's	C211	Other Paid In Capita
20530400	Paid-in Capital - AWK Treasury Stock	C211	Other Paid In Capita
20530500	Paid-in Capital - AWK ESPP	C211	Other Paid In Capita
20530600	Paid-in Capital - AWK DRIP	C211	Other Paid In Capita
20530650	Paid-in Capital - DWAC Fees	C211	Other Paid In Capita
20530700	Paid-in Capital - Tax Windfall	C211	Other Paid In Capita
20540000	Paid-in Capital - AWK Capital Stock Expense	C211	Other Paid In Capita
21021000	Retained Earnings at Acquisition Intercompany	C215	Unappropriated R/E
21024000	Retained Earnings Since Acquisition	C215	Unappropriated R/E
21025000	Retained Earnings Retro Accounting Adjustments	C215	Unappropriated R/E
21026000	Retained Earnings Profit Sharing Intercompany	C215	Unappropriated R/E
21200000	Treasury stock	C216	Reacquired Capital S
21300000	Accumulated Comprehensive Income	C216	Reacquired Capital S
21300010	Accumulated Comprehensive Income - Tax	C216	Reacquired Capital S
21300200	Accumulated Comprehensive Income - Pension	C216	Reacquired Capital S

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
21300210	Accumulated Comprehensive Income - Pension - Tax	C216	Reacquired Capital S
21300300	Accumulated Comprehensive Income - Hedge	C216	Reacquired Capital S
21300305	Accumulated Comprehensive Income - Hedge - Interco	C216	Reacquired Capital S
21300310	Accumulated Comprehensive Income - Hedge - Tax	C216	Reacquired Capital S
21300315	Accumulated Comprehensive Income-Hedge Interco-Tax	C216	Reacquired Capital S
21410000	Preferred Stock - w/o Mandatory Redemptn Requirmts	C205	Preferred Stk Subscr
21420000	Preferred Stock - w/o Mand Redemptn Requirmts I/C	C205	Preferred Stk Subscr
21510000	Preferred Stock - Redeemable	C204	Preferred Stk Issued
21510100	Preferred Stock - Redeemable FV Uplift	C204	Preferred Stk Issued
21550000	Curr Portion - Redeemable Preferred Stock	C204	Preferred Stk Issued
22110000	Bonds	C221	Bonds
22110100	Bonds - FV Uplift	C221	Bonds
22110200	Bonds - FV Hedge	C221	Bonds
22110400	LT Debt - Discount Inside	C221	Bonds
22110450	LT Debt - Addtl. Discount Inside	C221	Bonds
22110500	AWTR-LT Debt Premium-Outside	C221	Bonds
22110600	Unamortized Debt Expense - Non-Reg	C221	Bonds
22115000	Bonds - Interco	C221	Bonds
22130000	Capital Lease	C224	Other LTD
22135000	Capital Lease - Interco	C224	Other LTD
22210000	Current Portion LTD	C221	Bonds
22215000	Current Portion LTD - Interco	C221	Bonds
22230000	Current Portion Capital Lease	C224	Other LTD
22235000	Current Portion Capital Lease Interco	C224	Other LTD
23110000	N/P Commercial Paper	C232	Notes Payable
23110500	N/P Commercial Paper Discount	C232	Notes Payable
23120000	N/P Assoc Cos	C234	N/P Assoc Co
23121000	In-House Cash Center Bank	C234	N/P Assoc Co
23121001	IHC Clearing - Outgoing Payment	C234	N/P Assoc Co
23121002	IHC Clearing - Incoming Payment	C234	N/P Assoc Co
23121003	In-House Cash Center - Payment Clearing	C234	N/P Assoc Co
23121004	In-House Cash Center - Clearing Account	C234	N/P Assoc Co
23121005	IHC Clearing - Intermediate	C234	N/P Assoc Co
23121006	IHC Clearing - Other	C234	N/P Assoc Co
23129000	N/P Assoc Cos - Loan Clearing	C234	N/P Assoc Co
23130000	N/P Revolving Credit Line	C232	Notes Payable
23140000	N/P Term Loans	C232	Notes Payable
23140005	N/P Term Loans - Intercompany	C232	Notes Payable
23410000	A/P - Reconciliation Account	C231	Accounts Payable
23410100	A/P Intercompany - Reconciliation Account	C233	A/P Assoc Co
23410999	A/P - Conversion	C231	Accounts Payable
23411000	A/P - Pcard	C231	Accounts Payable
23411001	PCard Distributed-Clearing for Mapped Transactions	C231	Accounts Payable
23411400	A/P - Gcard Clearing	C231	Accounts Payable
23411500	A/P - Pcard Clearing	C231	Accounts Payable
23412000	A/P Clearing	C231	Accounts Payable
23412200	A/P - Contracted Services	C231	Accounts Payable
23412500	A/P - Phone Bills	C231	Accounts Payable
23420000	A/P - Contract Retentions	C231	Accounts Payable
23430000	A/P - Miscellaneous	C231	Accounts Payable
23430600	A/P - Workbasket Accrual	C231	Accounts Payable
23430700	A/P - Pcard Accrual	C231	Accounts Payable
23430900	A/P - PNC Loan Clearing	C231	Accounts Payable
23431000	A/P - Misc Global	C231	Accounts Payable
23435000	A/P - Project Cost Accrual	C231	Accounts Payable
23436000	A/P-GRIR Capital Services	C231	Accounts Payable
23439000	A/P - Income Taxes Withheld	C231	Accounts Payable
23510000	A/P Associated Companies	C233	A/P Assoc Co
23510041	AP Associated Cos - AWI IOTG	C233	A/P Assoc Co
23510500	A/P Associated Companies - Dividend Equivalents	C233	A/P Assoc Co
23510600	Intercompany System Clearing -CIS Only	C233	A/P Assoc Co
23520000	A/P Associated Companies - Service Co Bill	C233	A/P Assoc Co
23520001	A/P Associated Companies - Service Co Bill	C233	A/P Assoc Co
23530000	CFO - WLPP Interco	C233	A/P Assoc Co

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23530100	CFO - SLPP Interco	C233	A/P Assoc Co
23530200	CFO - InHome Interco	C233	A/P Assoc Co
23530300	CFO - WLPP/SLPP Interco	C233	A/P Assoc Co
23530400	CFO - WLPP/SLPP/InHome Interco	C233	A/P Assoc Co
23530500	CFO - Leak Detection Protection Plan Interco	C233	A/P Assoc Co
23530600	CFO - Water Heater Protection Plan Interco	C233	A/P Assoc Co
23540000	CFO - WLPP Receivable Interco	C233	A/P Assoc Co
23540001	CFO - WLPP Receivable Interco - CIS Reconciliation	C233	A/P Assoc Co
23540100	CFO - SLPP Receivable Interco	C233	A/P Assoc Co
23540101	CFO - SLPP Receivable Interco - CIS Reconciliation	C233	A/P Assoc Co
23540200	CFO - InHome Receivable Interco	C233	A/P Assoc Co
23540201	CFO - InHome Receivable I/C - CIS Reconciliation	C233	A/P Assoc Co
23540300	CFO - WLPP/SLPP Receivable Interco	C233	A/P Assoc Co
23540301	CFO - WLPP/SLPP Receivable I/C-CIS Reconciliation	C233	A/P Assoc Co
23540400	CFO - WLPP/SLPP/InHome Receivable Interco	C233	A/P Assoc Co
23540401	CFO - WLPP/SLPP/InHome Rec I/C-CIS Reconciliation	C233	A/P Assoc Co
23540501	CFO - Leak Detection PP Interco-CIS Reconciliation	C233	A/P Assoc Co
23540601	CFO - Water Heater PP Interco - CIS Reconciliation	C233	A/P Assoc Co
23599999	Intercompany System Clearing	C233	A/P Assoc Co
23621000	Accrued FIT - Current Year	C23612	Accr Taxes-Income Ta
23621500	Accrued FIT - Current Year Unitary Returns	C23612	Accr Taxes-Income Ta
23622000	Accrued FIT - Prior Years	C23612	Accr Taxes-Income Ta
23622500	Accrued FIT - Prior Years Unitary Returns	C23612	Accr Taxes-Income Ta
23631000	Accrued SIT - Current Year	C23612	Accr Taxes-Income Ta
23631500	Accrued SIT - Current Year Unitary Returns	C23612	Accr Taxes-Income Ta
23632000	Accrued SIT - Prior Years	C23612	Accr Taxes-Income Ta
23632500	Accrued SIT - Prior Years - Unitary Returns	C23612	Accr Taxes-Income Ta
23651000	Accrued Tax - Gross Income & Receipts	C23611	Accr Taxes-Other tha
23651100	Accrued Tax - Gross Income & Receipts-IncTax	C23611	Accr Taxes-Other tha
23652000	Accrued Tax - FUTA	C23611	Accr Taxes-Other tha
23652100	Accrued Tax - FICA	C23611	Accr Taxes-Other tha
23652200	Accrued Tax - SUTA	C23611	Accr Taxes-Other tha
23652300	Accrued Tax - Payroll Tax Clearing	C23611	Accr Taxes-Other tha
23652400	Accrued Tax - Local	C23611	Accr Taxes-Other tha
23653000	Accrued Tax - Property Tax	C23611	Accr Taxes-Other tha
23654000	Accrued Tax - Use Tax	C23611	Accr Taxes-Other tha
23654100	Accrued Tax - Franchise Tax	C23611	Accr Taxes-Other tha
23654110	Accrued Tax - Franchise Tax - Income Tax	C23611	Accr Taxes-Other tha
23654200	Accrued Tax - PURTA	C23611	Accr Taxes-Other tha
23654300	Accrued Tax - Capital Stock	C23611	Accr Taxes-Other tha
23654310	Accrued Tax - Capital Stock - Income Tax	C23611	Accr Taxes-Other tha
23659000	Accrued Tax - Other	C23611	Accr Taxes-Other tha
23720000	Interest Accrued - LTD	C2371	Accr Interest-LTD
23730000	Interest Accrued - LTD Interco	C2371	Accr Interest-LTD
23740000	Interest Accrued - Redeemable Preferred Dividends	C241	Misc Current & Accr
23750000	Interest Accrued - Other	C2372	Accr Interest-Other
24120000	Accrued Vacation Pay	C241	Misc Current & Accr
24120100	Accrued Water Purchases	C241	Misc Current & Accr
24120200	Accrued Power	C241	Misc Current & Accr
24120300	Accrued Legal	C241	Misc Current & Accr
24120600	Accrued Wages	C241	Misc Current & Accr
24120699	Accrued Wages - Net Adjustments Clearing	C241	Misc Current & Accr
24120700	Accrued Insurance	C241	Misc Current & Accr
24120710	Accrued Insurance Retro Adjustment	C241	Misc Current & Accr
24120720	Accrued Insurance Unfunded	C241	Misc Current & Accr
24120800	Accrued Rents	C241	Misc Current & Accr
24121000	Accrued Waste Disposal	C241	Misc Current & Accr
24121100	Accrued Retiree Medical	C241	Misc Current & Accr
24121200	Accrued DCP - Contribution	C241	Misc Current & Accr
24121300	Accrued Health Savings Account	C241	Misc Current & Accr
24121400	Accrued Bank Fees	C241	Misc Current & Accr
24121500	Accrued Credit Lines Fees	C241	Misc Current & Accr
24121800	Accrued Severance	C241	Misc Current & Accr
24121900	Accrued Healthy Solution	C241	Misc Current & Accr

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24122500	Refund Rates Under Bond	C241	Misc Current & Accr
24122600	Accrued Safety Incentive	C241	Misc Current & Accr
24122700	Accrued Employer 401k Match	C241	Misc Current & Accr
24122800	Accr'd Pref'd Dividnds w/o Mand Redmptn Requiremts	C241	Misc Current & Accr
24122850	Pref'd Div Declared w/o Mand Redemptn Requiremts	C238	Accrued Dividends
24122900	Common Dividends Declared	C238	Accrued Dividends
24123000	Accrued Incentive Plan Cash	C241	Misc Current & Accr
24123100	Accrued Construction Costs	C241	Misc Current & Accr
24126000	Miscellaneous Deposits Payable	C241	Misc Current & Accr
24126200	Accrued Paving	C241	Misc Current & Accr
24126300	Accrued Litigation	C241	Misc Current & Accr
24126400	Customer Deposits	C235	Customer Deposits
24126500	Accrued Audit Fees	C241	Misc Current & Accr
24129000	Accrued NOAA Settlement - Current Portion	C241	Misc Current & Accr
24133000	Unclaimed Customer Credits	C241	Misc Current & Accr
24133200	Unclaimed A/P Checks	C241	Misc Current & Accr
24133300	Unclaimed Wages	C241	Misc Current & Accr
24142001	WH PR - Union Dues	C241	Misc Current & Accr
24142002	WH PR - Charity Contributions	C241	Misc Current & Accr
24142003	WH PR - Federal Political Action Committee Contr	C241	Misc Current & Accr
24142005	WH PR - Flex Spending	C241	Misc Current & Accr
24142006	WH PR - 401k Contributions	C241	Misc Current & Accr
24142008	WH PR - Garnishments	C241	Misc Current & Accr
24142009	WH PR - Life Insurance	C241	Misc Current & Accr
24142010	WH PR - Tax Coll Pay FIT	C241	Misc Current & Accr
24142011	WH PR - Tax Coll Pay SUI	C241	Misc Current & Accr
24142012	WH PR - Tax Coll Pay LIT	C241	Misc Current & Accr
24142013	WH PR - Tax Coll Pay FICA	C241	Misc Current & Accr
24142014	WH PR - ESPP	C241	Misc Current & Accr
24142099	WH PR - Miscellaneous	C241	Misc Current & Accr
24142100	WH PR - Tax Coll SIT	C241	Misc Current & Accr
24150000	Operating Lease Current Liability	C241	Misc Current & Accr
24161000	GRIR - Stock E (Materials)	C241	Misc Current & Accr
24162000	GRIR - Stock D (Fuel)	C241	Misc Current & Accr
24163000	GRIR - Stock C (Chemicals)	C241	Misc Current & Accr
24164000	GRIR - Non-inventory	C241	Misc Current & Accr
24165000	GRIR - Freight	C241	Misc Current & Accr
24166000	GRIR-Capital Expenditure Accruals Reclass	C241	Misc Current & Accr
24169999	GRIR - Conversion	C241	Misc Current & Accr
24171000	CFO Miscellaneous	C241	Misc Current & Accr
24171001	CFO Customer Assistance	C241	Misc Current & Accr
24171005	CFO Customer Assistance Non Pledged	C241	Misc Current & Accr
24171006	CFO Customer Assistance Pledged	C241	Misc Current & Accr
24171009	CFO Primacy fees	C241	Misc Current & Accr
24171011	CFO MC/Sewer Revenue/Cash	C241	Misc Current & Accr
24171012	CFO MC/Sewer A/R	C241	Misc Current & Accr
24171013	CFO MC/Sewer Adjustment	C241	Misc Current & Accr
24171014	CFO MC/Sewer ChgOff	C241	Misc Current & Accr
24172000	CFO Sales Tax	C241	Misc Current & Accr
24172001	CFO Sales Tax AZ	C241	Misc Current & Accr
24172002	CFO Sales Tax CA Chula Vista	C241	Misc Current & Accr
24172003	CFO Sales Tax CA Sacramento	C241	Misc Current & Accr
24172004	CFO Sales Tax CA San Marino	C241	Misc Current & Accr
24172005	CFO Sales Tax FL	C241	Misc Current & Accr
24172006	CFO Sales Tax IL Belleville	C241	Misc Current & Accr
24172007	CFO Sales Tax IL Alton	C241	Misc Current & Accr
24172008	CFO Sales Tax IL Chicago	C241	Misc Current & Accr
24172009	CFO Sales Tax IN	C241	Misc Current & Accr
24172010	CFO Sales Tax KY	C241	Misc Current & Accr
24172011	CFO Sales Tax MO	C241	Misc Current & Accr
24172012	CFO Sales Tax NJ	C241	Misc Current & Accr
24172013	CFO Sales Tax PA	C241	Misc Current & Accr
24172014	CFO Sales Tax TN	C241	Misc Current & Accr
24172015	CFO Sales Tax WV	C241	Misc Current & Accr

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24172016	CFO Sales Tax NY	C241	Misc Current & Accr
24172017	CFO Sales Tax Texas	C241	Misc Current & Accr
24172100	CFO Sales Tax - from CIS	C241	Misc Current & Accr
24173000	CFO Gross Receipts Tax	C241	Misc Current & Accr
24173100	CFO Gross Receipts Tax - from CIS	C241	Misc Current & Accr
24174000	CFO Municipal Tax	C241	Misc Current & Accr
24174100	CFO Municipal Tax - from CIS	C241	Misc Current & Accr
24175100	CFO PUC Surcharge - from CIS	C241	Misc Current & Accr
24175200	CFO Surcharge - State Revolving Fund - from CIS	C241	Misc Current & Accr
24176000	Transaction Tax Audit Reserve	C241	Misc Current & Accr
24199100	Reg Liab-OCL taxable	C241	Misc Current & Accr
24199200	Reg Liab-OCL non tax	C241	Misc Current & Accr
24199300	Reg Liab - PFAS Current Proceeds	C241	Misc Current & Accr
24199500	Reg Liab-Tax Cuts & Jobs Act Customer Refunds-Curr	C2531	Regulatory Liabiliti
24199600	Liabilities Held For Sale	C241	Misc Current & Accr
24199700	Deferred Revenue - Current Portion	C241	Misc Current & Accr
24199701	Deferred Revenue - Current Portion - Intercompany	C241	Misc Current & Accr
24199800	Other Current Liabilities - Tax Sensitive	C241	Misc Current & Accr
24199900	Other Current Liabilities - Non-Tax Sensitive	C241	Misc Current & Accr
24200000	Cash Book Overdraft	C241	Misc Current & Accr
25211000	Advances for Construction - NT Mains	C252	Advances for Constru
25212000	Advances for Construction - NT Extension Deposits	C252	Advances for Constru
25213000	Advances for Construction - NT Services	C252	Advances for Constru
25214000	Advances for Construction - NT Meters	C252	Advances for Constru
25215000	Advances for Construction - NT Hydrants	C252	Advances for Constru
25216000	Advances for Construction - NT Other	C252	Advances for Constru
25217000	Advances for Construction - NT WIP	C252	Advances for Constru
25221000	Advances for Construction - Tax Mains	C252	Advances for Constru
25222000	Advances for Construction - Tax Extension Deposits	C252	Advances for Constru
25223000	Advances for Construction - Tax Services	C252	Advances for Constru
25224000	Advances for Construction - Tax Meters	C252	Advances for Constru
25225000	Advances for Construction - Tax Hydrants	C252	Advances for Constru
25226000	Advances for Construction - Tax Other	C252	Advances for Constru
25227000	Advances for Construction - Tax WIP	C252	Advances for Constru
25230000	Advances for Construction - Tax SIT	C252	Advances for Constru
25241000	Advances for Construction - Tax Mains - FIT	C252	Advances for Constru
25242000	Advances for Construction - Tax Extension Dep -FIT	C252	Advances for Constru
25243000	Advances for Construction - Tax Services - FIT	C252	Advances for Constru
25244000	Advances for Construction - Tax Meters - FIT	C252	Advances for Constru
25245000	Advances for Construction - Tax Hydrants - FIT	C252	Advances for Constru
25246000	Advances for Construction - Tax Other - FIT	C252	Advances for Constru
25280000	Advances for Construction - Reclassed to Current	C252	Advances for Constru
25299900	Advances for Construction - Current	C252	Advances for Constru
25310000	Deferred FIT Liability – Property	C283	Accu Def Inc Tax-Oth
25310100	Deferred FIT Liability - FAS109 Increment	C283	Accu Def Inc Tax-Oth
25311000	Deferred FIT Liability – Non Property	C283	Accu Def Inc Tax-Oth
25311100	Deferred FIT Liability - FAS109 Gross Up	C283	Accu Def Inc Tax-Oth
25311500	Deferred FIT Liability - Unitary Returns	C283	Accu Def Inc Tax-Oth
25319000	Deferred FIT Asset - Long Term	C1901	Accu Def FIT
25320000	Deferred SIT Liability - Property	C283	Accu Def Inc Tax-Oth
25320100	Deferred SIT Liability - FAS109 Increment	C283	Accu Def Inc Tax-Oth
25321000	Deferred SIT Liability – Non Property	C283	Accu Def Inc Tax-Oth
25321100	Deferred SIT Liability - FAS109 Gross Up	C283	Accu Def Inc Tax-Oth
25321500	Deferred SIT Liability - Unitary Returns	C283	Accu Def Inc Tax-Oth
25329000	Deferred SIT Asset - Long Term	C1902	Accu Def SIT
25340000	Deferred FIT Liability - Current	C23612	Accr Taxes-Income Ta
25349000	Deferred FIT Asset - Current	C174	Misc Current & Accr
25350000	Deferred SIT Liability - Current	C23612	Accr Taxes-Income Ta
25359000	Deferred SIT Asset - Current	C174	Misc Current & Accr
25510100	Unamortized ITC - 3%	C2551	Accu Def ITC-Utility
25510200	Unamortized ITC - 4%	C2551	Accu Def ITC-Utility
25510300	Unamortized ITC - 10%	C2551	Accu Def ITC-Utility
25510400	Unamortized ITC - 6%	C2551	Accu Def ITC-Utility
25510500	Unamortized ITC - State	C2551	Accu Def ITC-Utility

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
25621000	Reg Liab-Inc Tax Rec Thru Rates-Exc Def FIT	C2531	Regulatory Liabiliti
25621100	Reg Liab-Inc Tax Rec Thru Rates-Exc Def AFUDC FIT	C2531	Regulatory Liabiliti
25621200	Reg Liab-Inc Tax Rec Thru Rates-Exc Def Depr FIT	C2531	Regulatory Liabiliti
25622000	Reg Liab-Inc Tax Rec Thru Rates-Deficit Def	C2531	Regulatory Liabiliti
25623000	Reg Liab-Inc Tax Rec Thru Rates-Exc Def SIT	C2531	Regulatory Liabiliti
25623100	Reg Liab-Inc Tax Rec Thru Rates-Exc Def AFUDC SIT	C2531	Regulatory Liabiliti
25623200	Reg Liab-Inc Tax Rec Thru Rates-Exc Def Dep SIT	C2531	Regulatory Liabiliti
25624000	Reg Liab-Inc Tax Rec Thru Rates-Other	C2531	Regulatory Liabiliti
25624100	Reg Liab-Inc Tax Rec Thru Rates-Other-CA Tax Bal	C2531	Regulatory Liabiliti
25626000	Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 3%	C2531	Regulatory Liabiliti
25626100	Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 4%	C2531	Regulatory Liabiliti
25626200	Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 10%	C2531	Regulatory Liabiliti
25626300	Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 6%	C2531	Regulatory Liabiliti
25626500	Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up SIT	C2531	Regulatory Liabiliti
25629000	Reg Liab-Inc Tax Rec Thru Rates-Reg Asset Reclass	C2531	Regulatory Liabiliti
25632000	Reg Liab - Revenue Stabilization	C2531	Regulatory Liabiliti
25632100	Reg Liab - Property Tax Stabilization	C2531	Regulatory Liabiliti
25632300	Reg Liab-Tax Cuts & Jobs Act Customer Refunds - LT	C2531	Regulatory Liabiliti
25632400	Reg Liab - Refund to Customers	C2531	Regulatory Liabiliti
25632500	Reg Liab - Conservation Surcharge	C2531	Regulatory Liabiliti
25632600	Reg Liab - Purchased Sewer Stabilization	C2531	Regulatory Liabiliti
25632700	Reg Liab - Purchased Water Stabilization	C2531	Regulatory Liabiliti
25632800	Reg Liab - Property Tax Settlement	C2531	Regulatory Liabiliti
25632900	Reg Liab - PBOP Tracker	C2531	Regulatory Liabiliti
25633000	Reg Liab - Pension Tracker	C2531	Regulatory Liabiliti
25633100	Reg Liab - Tank Painting Tracker	C2531	Regulatory Liabiliti
25633200	Reg Liab - Service Company Pension	C2531	Regulatory Liabiliti
25633300	Reg Liab - PBOP	C2531	Regulatory Liabiliti
25633400	Reg Liab - Pension Internal Reserve	C2531	Regulatory Liabiliti
25633500	Reg Liab - Gain on Debt	C2531	Regulatory Liabiliti
25633700	Reg Liab - Gain on Acquisition	C2531	Regulatory Liabiliti
25633800	Reg Liab - Accrued Rate Case Expense	C2531	Regulatory Liabiliti
25634100	Reg Liab - Property Sales in Suspense	C2531	Regulatory Liabiliti
25634300	Reg Liab - Litigation Proceeds	C2531	Regulatory Liabiliti
25634400	Reg Liab - CA Aerojet Project	C2531	Regulatory Liabiliti
25634500	Reg Liab - MTBE Settlement	C2531	Regulatory Liabiliti
25634600	Reg Liab - Atrazine Settlement	C2531	Regulatory Liabiliti
25634700	Reg Liab - Interim Rates	C2531	Regulatory Liabiliti
25634800	Reg Liab - Def Revenue CIAC FIT	C2531	Regulatory Liabiliti
25634900	Reg Liab - Cost of Capital Reserve	C2531	Regulatory Liabiliti
25635000	RL- Aluminum Sulfate	C2531	Regulatory Liabiliti
25635500	Reg Liab - Refund of COR	C2531	Regulatory Liabiliti
25636000	Reg Liab - Pandemic Costs	C2531	Regulatory Liabiliti
25680163	DSIC Surcharge Overcollection	C2531	Regulatory Liabiliti
25689900	Reg Liab - Other	C2531	Regulatory Liabiliti
25700000	Reg Liab - Cost of Removal	C1081	Accu Depr-UP in Serv
25710000	Reg Liab - Cost of Removal RWIP	C1862	Other Deferred Debit
26212000	Accrued Pension Expense	C2532	Other Deferred Liabi
26214000	Accrued Pension Expense ERP (SERP)	C2532	Other Deferred Liabi
26215000	Accrued Pension Expense ERP (SRP)	C2532	Other Deferred Liabi
26216000	Accrued Pension Exp ERP (Special Contract)	C2532	Other Deferred Liabi
26221000	Accrued OPEB	C2532	Other Deferred Liabi
26221100	Accrued OPEB NEI	C2532	Other Deferred Liabi
26221500	Accrued OPEB Medicare Subsidy	C2532	Other Deferred Liabi
26233000	Deferred Revenue - CIAC	C2532	Other Deferred Liabi
26233100	Deferred Revenue - CIAC FIT	C2532	Other Deferred Liabi
26233200	Deferred Revenue - CIAC SIT	C2532	Other Deferred Liabi
26233300	Deferred Revenue - CAC	C2532	Other Deferred Liabi
26233800	Deferred Revenue - Tax Gross-Up AIC	C2532	Other Deferred Liabi
26233900	Deferred Revenue - Tax Gross-Up AIC FIT/SIT	C2532	Other Deferred Liabi
26234000	Deferred Revenue - Tax Gross-Up AIC SIT	C2532	Other Deferred Liabi
26237100	Deferred Revenue	C2532	Other Deferred Liabi
26237500	MPWMD Surcharge Collected for Others	C2532	Other Deferred Liabi
26281100	Accrued Defined Contribution SERP	C2532	Other Deferred Liabi

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
26281150	Accrued NOAA Settlement	C2532	Other Deferred Liabi
26281200	Accrued 401k Restoration	C2532	Other Deferred Liabi
26281250	Accrued Asset Retirement Obligation Liability	C2532	Other Deferred Liabi
26281300	Deferred FAS 112 Costs	C2532	Other Deferred Liabi
26281350	Swap Contract FV Liability	C2532	Other Deferred Liabi
26281400	Extension Deposits in Suspense	C2532	Other Deferred Liabi
26281450	Advance Pay & Deposits	C2532	Other Deferred Liabi
26281500	Accrued Dividend Equivalents	C2532	Other Deferred Liabi
26281600	Property Sales in Suspense	C2532	Other Deferred Liabi
26281700	Deferred Compensation (prior 1/1/08)	C2532	Other Deferred Liabi
26281800	Non-Qualified Savings & Def Compensation	C2532	Other Deferred Liabi
26281900	Accrued Sick Bank	C2532	Other Deferred Liabi
26281990	Long Term Liability Acquisition Offset	C2532	Other Deferred Liabi
26281997	Surcharge Clearing- WV B&O Tax (CIS)	C2532	Other Deferred Liabi
26281998	DCN-Deferred Credit Other - Not Tax Sensitive	C2532	Other Deferred Liabi
26281999	Accrued Long Term Liability - Other	C2532	Other Deferred Liabi
26282000	Accrued Long Term Liability - Other Interco	C2532	Other Deferred Liabi
26300000	Operating Lease Long-Term Liability	C224	Other LTD
26400000	Misc Operating Reserve	C2532	Other Deferred Liabi
26580000	FIN 48 Reserve - Federal	C265	Misc Operating Revenues
26580100	FIN 48 Reserve Penalty & Interest - Federal	C265	Misc Operating Revenues
26581000	FIN 48 Reserve - State	C265	Misc Operating Revenues
26581100	FIN 48 Reserve Penalty & Interest - State	C265	Misc Operating Revenues
27111000	CIAC-Non Taxable - Mains	C271	CIAC
27112000	CIAC-Non Taxable - Ext Dep	C271	CIAC
27113000	CIAC-Non Taxable - Services	C271	CIAC
27114000	CIAC-Non Taxable - Meters	C271	CIAC
27115000	CIAC-Non Taxable - Hydrants	C271	CIAC
27116000	CIAC-Non Taxable - Other	C271	CIAC
27116001	CIAC-Non Taxable - Other Spec Fac Fee	C271	CIAC
27116002	CIAC-Non Taxable - Other Terra Cotta	C271	CIAC
27116010	CIAC-Non Taxable - Other Gov Gmt Contamn Proceed	C271	CIAC
27116020	CIAC-Non Taxable - Other Gov Loan Contamn Proceed	C271	CIAC
27116030	CIAC-Non Taxable - Other Damg Awd Contamn Proceed	C271	CIAC
27116040	CIAC-Non Taxable - Other Settlmnt Contamn Proceed	C271	CIAC
27116051	CIAC-Non Taxable - Other Gvt Ord Contmn Pvt Funds	C271	CIAC
27116052	CIAC-Non Taxable - Other Gvt Ord Contmn Pub Funds	C271	CIAC
27116060	CIAC-Non Taxable - Other Insurance Contmn Proceed	C271	CIAC
27117000	CIAC-Non Taxable - WIP	C271	CIAC
27118000	CIAC-Non Taxable - Non-Utility Property Property	C271	CIAC
27121000	CIAC-Taxable - Mains	C271	CIAC
27122000	CIAC-Taxable - Extension Deposits	C271	CIAC
27123000	CIAC-Taxable - Services	C271	CIAC
27124000	CIAC-Taxable - Meters	C271	CIAC
27125000	CIAC-Taxable - Hydrants	C271	CIAC
27126000	CIAC-Taxable - Other	C271	CIAC
27126040	CIAC-Taxable - Other Settlmnt Contamn Proceed	C271	CIAC
27127000	CIAC-Taxable - WIP	C271	CIAC
27131000	CIAC-Taxable - Mains SIT	C271	CIAC
27133000	CIAC-Taxable - Services SIT	C271	CIAC
27135000	CIAC-Taxable - Hydrants SIT	C271	CIAC
27136000	CIAC-Taxable - Other SIT	C271	CIAC
27137000	CIAC-Taxable - WIP SIT	C271	CIAC
27141000	CIAC-Taxable - Mains FIT	C271	CIAC
27142000	CIAC-Taxable - Extension Deposits - FIT	C271	CIAC
27143000	CIAC-Taxable - Services FIT	C271	CIAC
27144000	CIAC-Taxable - Meters FIT	C271	CIAC
27145000	CIAC-Taxable - Hydrants FIT	C271	CIAC
27146000	CIAC-Taxable - Other FIT	C271	CIAC
27201000	Accum Amort CIAC - Mains	C272	Accu Amort-CIAC
27203000	Accum Amort CIAC - Services	C272	Accu Amort-CIAC
27204000	Accum Amort CIAC - Meters	C272	Accu Amort-CIAC
27205000	Accum Amort CIAC - Hydrants	C272	Accu Amort-CIAC
27206000	Accum Amort CIAC - Other	C272	Accu Amort-CIAC

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
27210000	Accum Amort CIAC - Tax	C272	Accu Amort-CIAC
29999999	999 Line JE Clearing	C241	Misc Current & Accr
40111000	Residential Sales Billed	C4611	Metered Sales-Res
40111001	Residential Sales Billed - Discount	C4611	Metered Sales-Res
40111100	Residential Sales Billed Surcharge	C4611	Metered Sales-Res
40111101	Residential Sales Billed Surcharge - SRF	C4611	Metered Sales-Res
40111102	Residential Sales Billed Surcharge - LOAN payments	C4611	Metered Sales-Res
40111199	Residential Sales Billed Surcharge - Clearing	C4611	Metered Sales-Res
40111200	Residential Sales Billed DSIC	C4611	Metered Sales-Res
40111201	Residential Sales Billed Other Investment Surch	C4611	Metered Sales-Res
40111300	Residential Sales Billed Unmetered	C460	Unmetered Water Sale
40111400	Residential Sales Billed Non-Rev Stabil Mechanism	C4611	Metered Sales-Res
40112000	Residential Sales Unbilled	C4611	Metered Sales-Res
40121000	Commercial Sales Billed	C4612	Metered Sales-Com
40121100	Commercial Sales Billed Surcharge	C4612	Metered Sales-Com
40121101	Commercial Sales Billed Surcharge - SRF	C4612	Metered Sales-Com
40121102	Commercial Sales Billed Surcharge - LOAN payments	C4612	Metered Sales-Com
40121200	Commercial Sales Billed DSIC	C4612	Metered Sales-Com
40121201	Commercial Sales Billed Other Investment Surch	C4612	Metered Sales-Com
40121300	Commercial Sales Billed Unmetered	C460	Unmetered Water Sale
40121400	Commercial Sales Billed Non-Rev Stabil Mechanism	C4612	Metered Sales-Com
40122000	Commercial Sales Unbilled	C4612	Metered Sales-Com
40131000	Industrial Sales Billed	C4613	Metered Sales-Ind
40131100	Industrial Sales Billed Surcharge	C4613	Metered Sales-Ind
40131101	Industrial Sales Billed Surcharge - SRF	C4613	Metered Sales-Ind
40131102	Industrial Sales Billed Surcharge - LOAN payments	C4613	Metered Sales-Ind
40131200	Industrial Sales Billed DSIC	C4613	Metered Sales-Ind
40131201	Industial Sales Billed Other Investment Surch	C4613	Metered Sales-Ind
40131400	Industrial Sales Billed Non-Rev Stabil Mechanism	C4613	Metered Sales-Ind
40132000	Industiral Sales Unbilled	C4613	Metered Sales-Ind
40138000	Accrued Revenue Stabilization	C4611	Metered Sales-Res
40138200	Accrued Property Tax Rev Stblztn	C4611	Metered Sales-Res
40141000	Public Fire Billed	C4621	Public Fire Revenues
40141100	Public Fire Billed Surcharge	C4621	Public Fire Revenues
40141101	Public Fire Billed Surcharge - SRF	C4621	Public Fire Revenues
40141102	Public Fire Billed Surcharge - LOAN payments	C4621	Public Fire Revenues
40141200	Public Fire Billed DSIC	C4621	Public Fire Revenues
40141201	Public Fire Billed Other Investment Surch	C4621	Public Fire Revenues
40141400	Public Fire Billed Non-Rev Stabil Mechanism	C4621	Public Fire Revenues
40142000	Public Fire Unbilled	C4621	Public Fire Revenues
40145000	Private Fire Billed	C4622	Private Fire Revenue
40145100	Private Fire Billed Surcharge	C4622	Private Fire Revenue
40145101	Private Fire Billed Surcharge - SRF	C4622	Private Fire Revenue
40145102	Private Fire Billed Surcharge - LOAN payments	C4622	Private Fire Revenue
40145200	Private Fire Billed DSIC	C4622	Private Fire Revenue
40145201	Private Fire Billed Other Investment Such	C4622	Private Fire Revenue
40145400	Private Fire Billed Non-Rev Stabil Mechanism	C4622	Private Fire Revenue
40146000	Private Fire Unbilled	C4622	Private Fire Revenue
40151000	Public Authority Billed	C4614	Metered Sales-OPA
40151100	Public Authority Billed Surcharge	C4614	Metered Sales-OPA
40151101	Public Authority Billed Surcharge - SRF	C4614	Metered Sales-OPA
40151102	Public Authority Billed Surcharge - LOAN payments	C4614	Metered Sales-OPA
40151200	Public Authority Billed DSIC	C4614	Metered Sales-OPA
40151201	Public Authority Billed Other Investment Such	C4621	Public Fire Revenues
40151400	Public Authority Billed Non-Rev Stabil Mechanism	C4614	Metered Sales-OPA
40152000	Public Authority Unbilled	C4614	Metered Sales-OPA
40161000	Sales for Resale Billed	C466	Sales for Resale
40161050	Sales for Resale Billed Interco	C467	Interdept Sales
40161100	Sales for Resale Billed Surcharge	C466	Sales for Resale
40161200	Sales for Resale Billed DSIC	C466	Sales for Resale
40161201	Sales for Resale Billed Other Investment Surch	C466	Sales for Resale
40161250	Sales for Resale Billed DSIC Interco	C466	Sales for Resale
40161251	Sales for Resale Billed Other Investment Surch I/C	C466	Sales for Resale
40161400	Sales for Resale Billed Non-Rev Stabil Mechanism	C466	Sales for Resale

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
40162000	Sales for Resale Unbilled	C466	Sales for Resale
40171000	Misc Sales Billed	C474	Other Water Revenues
40171100	Misc Sales Billed Surcharge	C474	Other Water Revenues
40171101	Miscellaneous Sales Billed Surcharge - SRF	C474	Other Water Revenues
40171102	Miscellaneous Sales Billed Surcharge - LOAN pymnts	C474	Other Water Revenues
40171200	Misc Sales Billed DSIC	C5221	WW Residential Reven
40171201	Misc Sales Billed Other Investment Surch	C5221	WW Residential Reven
40171300	Misc Sales Billed Unmetered	C474	Other Water Revenues
40171400	Misc Sales Billed Non-Rev Stabil Mechanism	C474	Other Water Revenues
40172000	Misc Sales Unbilled	C474	Other Water Revenues
40175100	Misc Sales ORCOM Errors	C474	Other Water Revenues
40180100	Other Water Revenue - Temp Service	C471	Misc Service Revenue
40180200	Other Water Revenue - Conservation	C472	Rents from Water Pro
40180300	Other Water Revenue - Amort Def CIAC	C474	Other Water Revenues
40189900	Other Water Revenue	C474	Other Water Revenues
40189999	Other Water Revenue - Leak Adjustment	C474	Other Water Revenues
40211000	Domestic WW Service Billed	C5221	WW Residential Reven
40211001	Domestic WW Service Billed Bimonthly	C5221	WW Residential Reven
40211100	Domestic WW Service Billed Surcharge	C5221	WW Residential Reven
40211200	Domestic WW Service Billed DSIC	C5221	WW Residential Reven
40211201	Domestic WW Service Billed Other Investment Surch	C5221	WW Residential Reven
40211300	Domestic WW Service Billed CGCR	C5221	WW Residential Reven
40211400	Domestic WW Service Billed Non-RevStabil Mechanism	C5221	WW Residential Reven
40212000	Domestic WW Service Unbilled	C5221	WW Residential Reven
40221000	Commerical WW Service Billed	C5222	WW Commercial Revenu
40221100	Commerical WW Service Billed Surcharge	C5222	WW Commercial Revenu
40221200	Commercial WW Service Billed DSIC	C5221	WW Residential Reven
40221201	Commercial WW Service Billed Other Investment Sur	C5221	WW Residential Reven
40221300	Commerical WW Service Billed CGCR	C5222	WW Commercial Revenu
40221400	Commercial WW ServiceBilled Non-RevStabilMechanism	C5221	WW Residential Reven
40222000	Commercial WW Service Unbilled	C5222	WW Commercial Revenu
40231000	Industrial WW Service Billed	C5223	WW Industrial Revenu
40231100	Industrial WW Service Billed Surcharge	C5223	WW Industrial Revenu
40231200	Industrial WW Service Billed DSIC	C5221	WW Residential Reven
40231201	Industrial WW Service Billed Other Investment Sur	C5221	WW Residential Reven
40231300	Industrial WW Service Billed CGCR	C5223	WW Industrial Revenu
40231400	Industrial WW ServiceBilled Non-RevStabilMechanism	C5221	WW Residential Reven
40232000	Industrial WW Service Unbilled	C5223	WW Industrial Revenu
40238000	Accrued Revenue Stabilization WW	C4611	Metered Sales-Res
40251000	Public Authority WW Service Billed	C5224	WW Pub Auth Revenues
40251100	Public Authority WW Service Billed Surcharge	C5224	WW Pub Auth Revenues
40251200	Public Authority WW Service Billed DSIC	C5221	WW Residential Reven
40251201	Public Authority WW Serv Billed Other Invest Surch	C5221	WW Residential Reven
40251300	Public Authority WW Service Billed CGCR	C5224	WW Pub Auth Revenues
40251400	Public AuthorityWW ServiceBilled Non-RevStabilMech	C5221	WW Residential Reven
40252000	Public Authority WW Service Unbilled	C5224	WW Pub Auth Revenues
40261200	Sale for Resale WW Service Billed DSIC	C5221	WW Residential Reven
40261400	Sales for Resale WW Billed Non-Rev StabilMechanism	C5221	WW Residential Reven
40271000	Misc WW Service Billed	C5224	WW Pub Auth Revenues
40271100	Misc WW Service Billed Surcharge	C5224	WW Pub Auth Revenues
40271200	Misc Sales WW Service Billed DSIC	C5221	WW Residential Reven
40271201	Misc Sales WW Service Billed Other Investment Sur	C5221	WW Residential Reven
40271300	Misc WW Service Billed CGCR	C5224	WW Pub Auth Revenues
40271400	Misc WW Service Billed Non-RevStabil Mechanism	C5221	WW Residential Reven
40272000	Misc WW Service Unbilled	C5224	WW Pub Auth Revenues
40280000	Other Revenue WW - Guaranteed	C536	WW Other Revenues
40289900	Other WW Revenue	C536	WW Other Revenues
40290000	Other Revenue WW - Intercompany	C536	WW Other Revenues
40300100	Other Revenue - Interco	C469	Guaranteed Revenues
40310000	Other Revenue - Guaranteed	C469	Guaranteed Revenues
40310100	Other Revenue - Late Payment Charge	C470	Forfeited Discounts
40310200	Other Revenue - Rent	C472	Rents from Water Pro
40310250	Other Revenue - Rent Interco	C473	Interdept Rents
40310300	Other Revenue - Collection for Others	C471	Misc Service Revenue

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
40310400	Other Revenue - NSF Check Charge	C471	Misc Service Revenue
40310500	Other Revenue - Application/Initiation Fee	C471	Misc Service Revenue
40310600	Other Revenue - Usage Data	C471	Misc Service Revenue
40310700	Other Revenue - Reconnection Fee	C471	Misc Service Revenue
40310800	Other Revenue - Frozen Meter	C471	Misc Service Revenue
40310900	Other Revenue - CFO - CA PUC Surcharge	C471	Misc Service Revenue
40311600	Other Revenue - Storage Fees	C472	Rents from Water Pro
40313000	Other Revenue - After Hrs Charge	C471	Misc Service Revenue
40319900	Other Revenue - Misc Service	C471	Misc Service Revenue
40351100	Other Revenue WW - Late Payment Charge	C532	WW Forfeited Discoun
40359900	Other Revenue WW - Misc Service	C536	WW Other Revenues
40399999	Leak Adjustment Revenue	C469	Guaranteed Revenues
40999999	Revenue Conversion - CIS	C536	WW Other Revenues
45000000	Service Company Revenue OPEX Interco	C471	Misc Service Revenue
45000001	Service Company Revenue CAPEX Interco	C471	Misc Service Revenue
45000002	Servco Company Revenue Market Based COs Interco	C471	Misc Service Revenue
50100000	Labor Natural Account	C6018	Salaries-Empl AG
50100001	Labor Expense Accrual	C6018	Salaries-Empl AG
50100002	Labor Expense - Intercompany	C6018	Salaries-Empl AG
50101100	Labor Oper Source of Supply	C6011	Salaries-Empl Oper S
50101105	Labor Oper Source of Supply - Super & Eng	C6011	Salaries-Empl Oper S
50101200	Labor Oper Pumping	C6011	Salaries-Empl Oper S
50101205	Labor Oper Pumping - Super & Eng	C6011	Salaries-Empl Oper S
50101210	Labor Oper Pumping - Power Prod	C6011	Salaries-Empl Oper S
50101215	Labor Oper Pumping - Pump	C6011	Salaries-Empl Oper S
50101300	Labor Oper Water Treatment	C6013	Salaries-Empl Oper W
50101305	Labor Oper Water Treatment - Super & Eng	C6013	Salaries-Empl Oper W
50101400	Labor Oper Transmission & Distribution	C6015	Salaries-Empl Oper T
50101405	Labor Oper Trans & Distr - Super & Eng	C6015	Salaries-Empl Oper T
50101410	Labor Oper Trans & Distr - Storage Facility	C6015	Salaries-Empl Oper T
50101415	Labor Oper Trans & Distr - Lines	C6015	Salaries-Empl Oper T
50101420	Labor Oper Trans & Distr - Meter	C6015	Salaries-Empl Oper T
50101425	Labor Oper Trans & Distr - Meter Install	C6015	Salaries-Empl Oper T
50101500	Labor Oper Customer Accounting	C6017	Salaries-Empl CA
50101505	Labor Oper Customer Acctg - Super & Eng	C6017	Salaries-Empl CA
50101510	Labor Oper Customer Acctg - Meter Read	C6017	Salaries-Empl CA
50101515	Labor Oper Customer Acctg - Cust Rec & Coll	C6017	Salaries-Empl CA
50101520	Labor Oper Customer Acctg - Cust Serv & Info	C6017	Salaries-Empl CA
50101600	Labor Oper Admin & General	C6018	Salaries-Empl AG
50101601	Labor Oper Adm & Gen - Director & Officer	C6038	Salaries-Off/Dir AG
50102100	Labor Maint Source of Supply	C6012	Salaries-Empl Maint
50102105	Labor Maint Source of Supply - Super & Eng	C6012	Salaries-Empl Maint
50102110	Labor Maint Source of Supply - Struct &Imp	C6012	Salaries-Empl Maint
50102115	Labor Maint Source of Supply - Coll & Imp	C6012	Salaries-Empl Maint
50102120	Labor Maint Source of Supply - Lake	C6012	Salaries-Empl Maint
50102125	Labor Maint Source of Supply - Wells	C6012	Salaries-Empl Maint
50102130	Labor Maint Src of Supply-Infilt Galleries	C6012	Salaries-Empl Maint
50102135	Labor Maint Src of Supply-Supply Mains	C6012	Salaries-Empl Maint
50102200	Labor Maint Pumping	C6012	Salaries-Empl Maint
50102205	Labor Maint Pumping - Super & Eng	C6012	Salaries-Empl Maint
50102210	Labor Maint Pumping - Struct & Imp	C6012	Salaries-Empl Maint
50102215	Labor Maint Pumping - Power Prod	C6012	Salaries-Empl Maint
50102300	Labor Maint Water Treatment	C6014	Salaries-Empl Maint
50102305	Labor Maint Water Treatment - Super & Eng	C6014	Salaries-Empl Maint
50102310	Labor Maint Water Treatment - Struct & Imp	C6014	Salaries-Empl Maint
50102315	Labor Maint Water Treatment - Equipment	C6014	Salaries-Empl Maint
50102400	Labor Maint Transmission & Distribution	C6016	Salaries-Empl Maint
50102405	Labor Maint Transmssn & Distr - Super & Eng	C6016	Salaries-Empl Maint
50102410	Labor Maint Transmssn & Distr - Struct & Imp	C6016	Salaries-Empl Maint
50102415	Labor Maint Transmssn & Distr - Dist Res	C6016	Salaries-Empl Maint
50102420	Labor Maint Transmssn & Distr - Mains	C6016	Salaries-Empl Maint
50102425	Labor Maint Transmssn & Distr - Fire Mains	C6016	Salaries-Empl Maint
50102430	Labor Maint Transmssn & Distr - Service	C6016	Salaries-Empl Maint
50102435	Labor Maint Transmssn & Distr - Meter	C6016	Salaries-Empl Maint

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50102440	Labor Maint Transmssn & Distr - Hydrants	C6016	Salaries-Empl Maint
50102600	Labor Maint Admin & General	C6018	Salaries-Empl AG
50109900	Labor Capitalized Credits	C6018	Salaries-Empl AG
50110000	Labor Non-scheduled Overtime - Natural Account	C6018	Salaries-Empl AG
50111100	Labor Oper Non-scheduled Overtime- SS	C6011	Salaries-Empl Oper S
50111105	Labor Oper Non-scheduled Overtime- SS Super & Eng	C6011	Salaries-Empl Oper S
50111200	Labor Oper Non-scheduled Overtime- P	C6011	Salaries-Empl Oper S
50111205	Labor Oper Non-scheduled Overtime- P Super & Eng	C6011	Salaries-Empl Oper S
50111210	Labor Oper Non-scheduled Overtime- P Power Prod	C6011	Salaries-Empl Oper S
50111215	Labor Oper Non-scheduled Overtime- P Pump	C6011	Salaries-Empl Oper S
50111300	Labor Oper Non-scheduled Overtime- WT	C6013	Salaries-Empl Oper W
50111305	Labor Oper Non-scheduled Overtime- WT Super & Eng	C6013	Salaries-Empl Oper W
50111400	Labor Oper Non-scheduled Overtime- TD	C6015	Salaries-Empl Oper T
50111405	Labor Oper Non-scheduled Overtime- TD Super & Eng	C6015	Salaries-Empl Oper T
50111410	Labor Oper Non-scheduled OT-TD Storage Facility	C6015	Salaries-Empl Oper T
50111415	Labor Oper Non-scheduled Overtime- TD Lines	C6015	Salaries-Empl Oper T
50111420	Labor Oper Non-scheduled Overtime- TD Meter	C6015	Salaries-Empl Oper T
50111425	Labor Oper Non-scheduled OT-TD Meter Install	C6015	Salaries-Empl Oper T
50111500	Labor Oper Non-scheduled Overtime- CA	C6017	Salaries-Empl CA
50111505	Labor Oper Non-scheduled Overtime- CA Super & Eng	C6017	Salaries-Empl CA
50111510	Labor Oper Non-scheduled Overtime- CA Meter Read	C6017	Salaries-Empl CA
50111515	Labor Oper Non-scheduled OT - CA Cust Rec & Coll	C6017	Salaries-Empl CA
50111520	Labor Oper Non-scheduled OT - CA Cust Serv & Info	C6017	Salaries-Empl CA
50111600	Labor Oper Non-scheduled Overtime- AG	C6018	Salaries-Empl AG
50112100	Labor Maint Non-scheduled Overtime- SS	C6012	Salaries-Empl Maint
50112105	Labor Maint Non-scheduled Overtime- SS Super & Eng	C6012	Salaries-Empl Maint
50112110	Labor Maint Non-scheduled OT - SS Struct & Imp	C6012	Salaries-Empl Maint
50112115	Labor Maint Non-scheduled Overtime- SS Coll & Imp	C6012	Salaries-Empl Maint
50112120	Labor Maint Non-scheduled Overtime- SS Lake	C6012	Salaries-Empl Maint
50112125	Labor Maint Non-scheduled Overtime- SS Wells	C6012	Salaries-Empl Maint
50112130	Labor Maint Non-scheduled OT - SS Infilt Gallery	C6012	Salaries-Empl Maint
50112135	Labor Maint Non-scheduled OT - SS Supply Mains	C6012	Salaries-Empl Maint
50112200	Labor Maint Non-scheduled Overtime- P	C6012	Salaries-Empl Maint
50112205	Labor Maint Non-scheduled Overtime- P Super & Eng	C6012	Salaries-Empl Maint
50112210	Labor Maint Non-scheduled Overtime- P Struct & Imp	C6012	Salaries-Empl Maint
50112215	Labor Maint Non-scheduled Overtime- P Power Prod	C6012	Salaries-Empl Maint
50112300	Labor Maint Non-scheduled Overtime- WT	C6014	Salaries-Empl Maint
50112305	Labor Maint Non-scheduled Overtime- WT Super & Eng	C6014	Salaries-Empl Maint
50112310	Labor Maint Non-scheduled OT - WT Struct & Imp	C6014	Salaries-Empl Maint
50112315	Labor Maint Non-scheduled Overtime- WT Equipment	C6014	Salaries-Empl Maint
50112400	Labor Maint Non-scheduled Overtime- TD	C6016	Salaries-Empl Maint
50112405	Labor Maint Non-scheduled Overtime- TD Super & Eng	C6016	Salaries-Empl Maint
50112410	Labor Maint Non-scheduled OT - TD Struct & Imp	C6016	Salaries-Empl Maint
50112415	Labor Maint Non-scheduled Overtime- TD Dist Res	C6016	Salaries-Empl Maint
50112420	Labor Maint Non-scheduled Overtime- TD Mains	C6016	Salaries-Empl Maint
50112425	Labor Maint Non-scheduled Overtime- TD Fire Main	C6016	Salaries-Empl Maint
50112430	Labor Maint Non-scheduled Overtime- TD Service	C6016	Salaries-Empl Maint
50112435	Labor Maint Non-scheduled Overtime- TD Meter	C6016	Salaries-Empl Maint
50112440	Labor Maint Non-scheduled Overtime- TD Hydrant	C6016	Salaries-Empl Maint
50112600	Labor Maint Non-scheduled Overtime- AG	C6018	Salaries-Empl AG
50119900	Labor Non-scheduled Overtime- Capitalized Credits	C6018	Salaries-Empl AG
50120000	Labor Overtime - Natural Account	C6018	Salaries-Empl AG
50121100	Labor Oper Scheduled Overtime-SS	C6011	Salaries-Empl Oper S
50121105	Labor Oper Scheduled Overtime-SS Super & Eng	C6011	Salaries-Empl Oper S
50121200	Labor Oper Scheduled Overtime-P	C6011	Salaries-Empl Oper S
50121205	Labor Oper Scheduled Overtime-P Super & Eng	C6011	Salaries-Empl Oper S
50121210	Labor Oper Scheduled Overtime-P Power Prod	C6011	Salaries-Empl Oper S
50121215	Labor Oper Scheduled Overtime-P Pump	C6011	Salaries-Empl Oper S
50121300	Labor Oper Scheduled Overtime-WT	C6013	Salaries-Empl Oper W
50121305	Labor Oper Scheduled Overtime-WT Super & Eng	C6013	Salaries-Empl Oper W
50121400	Labor Oper Scheduled Overtime-TD	C6015	Salaries-Empl Oper T
50121405	Labor Oper Scheduled Overtime-TD Super & Eng	C6015	Salaries-Empl Oper T
50121410	Labor Oper Scheduled Overtime-TD Storage Facility	C6015	Salaries-Empl Oper T
50121415	Labor Oper Scheduled Overtime-TD Lines	C6015	Salaries-Empl Oper T

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50121420	Labor Oper Scheduled Overtime-TD Meter	C6015	Salaries-Empl Oper T
50121425	Labor Oper Scheduled Overtime-TD Meter Install	C6015	Salaries-Empl Oper T
50121500	Labor Oper Scheduled Overtime-CA	C6017	Salaries-Empl CA
50121505	Labor Oper Scheduled Overtime-CA Super & Eng	C6017	Salaries-Empl CA
50121510	Labor Oper Scheduled Overtime-CA Merer Read	C6017	Salaries-Empl CA
50121515	Labor Oper Scheduled Overtime-CA Cust Rec & Coll	C6017	Salaries-Empl CA
50121520	Labor Oper Scheduled Overtime-CA Cust Serv & Info	C6017	Salaries-Empl CA
50121600	Labor Oper Scheduled Overtime-AG	C6018	Salaries-Empl AG
50122100	Labor Maint Scheduled Overtime-SS	C6012	Salaries-Empl Maint
50122105	Labor Maint Scheduled Overtime-SS Super & Eng	C6012	Salaries-Empl Maint
50122110	Labor Maint Scheduled Overtime-SS Struct & Imp	C6012	Salaries-Empl Maint
50122115	Labor Maint Scheduled Overtime-SS Coll & Imp	C6012	Salaries-Empl Maint
50122120	Labor Maint Scheduled Overtime-SS Lake	C6012	Salaries-Empl Maint
50122125	Labor Maint Scheduled Overtime-SS Wells	C6012	Salaries-Empl Maint
50122130	Labor Maint Scheduled Overtime-SS Infilt Gallery	C6012	Salaries-Empl Maint
50122135	Labor Maint Scheduled Overtime-SS Supply Main	C6012	Salaries-Empl Maint
50122200	Labor Maint Scheduled Overtime-P	C6012	Salaries-Empl Maint
50122205	Labor Maint Scheduled Overtime-P Super & Eng	C6012	Salaries-Empl Maint
50122210	Labor Maint Scheduled Overtime-P Struct & Imp	C6012	Salaries-Empl Maint
50122215	Labor Maint Scheduled Overtime-P Power Prod	C6012	Salaries-Empl Maint
50122300	Labor Maint Scheduled Overtime-WT	C6014	Salaries-Empl Maint
50122305	Labor Maint Scheduled Overtime-WT Super & Eng	C6014	Salaries-Empl Maint
50122310	Labor Maint Scheduled Overtime-WT Struct & Imp	C6014	Salaries-Empl Maint
50122315	Labor Maint Scheduled Overtime-WT Equipment	C6014	Salaries-Empl Maint
50122400	Labor Maint Scheduled Overtime-TD	C6016	Salaries-Empl Maint
50122405	Labor Maint Scheduled Overtime-TD Super & Eng	C6016	Salaries-Empl Maint
50122410	Labor Maint Scheduled Overtime-TD Struct & Imp	C6016	Salaries-Empl Maint
50122415	Labor Maint Scheduled Overtime-TD Dist Res	C6016	Salaries-Empl Maint
50122420	Labor Maint Scheduled Overtime-TD Mains	C6016	Salaries-Empl Maint
50122425	Labor Maint Scheduled Overtime-TD Fire Main	C6016	Salaries-Empl Maint
50122430	Labor Maint Scheduled Overtime-TD Service	C6016	Salaries-Empl Maint
50122435	Labor Maint Scheduled Overtime-TD Meter	C6016	Salaries-Empl Maint
50122440	Labor Maint Scheduled Overtime-TD Hydrant	C6016	Salaries-Empl Maint
50122600	Labor Maint Scheduled Overtime-AG	C6018	Salaries-Empl AG
50129900	Labor Scheduled Overtime- Capitalized Credits	C6018	Salaries-Empl AG
50171000	Annual Performance Plan	C6018	Salaries-Empl AG
50171100	Annual Performance Plan Cap Credits	C6018	Salaries-Empl AG
50171600	Compensation Exp - Options	C6018	Salaries-Empl AG
50171800	Compensation Expense - RSU/PSU	C6018	Salaries-Empl AG
50185000	Severance	C6018	Salaries-Empl AG
50421000	401k Expense	C6048	Empl Pens & Ben AG
50421100	401k Expense Cap Credits	C6048	Empl Pens & Ben AG
50422000	Defined Compensation Plan Expense	C6048	Empl Pens & Ben AG
50422100	Defined Comp Plan Exp Cap Credits	C6048	Empl Pens & Ben AG
50423000	Employee Stock Purchase Plan Expense	C6048	Empl Pens & Ben AG
50424000	DC Restoration Expense	C6048	Empl Pens & Ben AG
50425000	401k Restoration Expense	C6048	Empl Pens & Ben AG
50426000	Retiree Medical Expense	C6048	Empl Pens & Ben AG
50426100	Retiree Medical Expense Cap Credits	C6048	Empl Pens & Ben AG
50427000	FAS 112 Amortization	C6048	Empl Pens & Ben AG
50450000	Other Welfare - Natural Account	C6048	Empl Pens & Ben AG
50450011	Other Welfare - Source of Supply	C6041	Empl Pens & Ben Oper
50450012	Other Welfare - Pumping	C6041	Empl Pens & Ben Oper
50450013	Other Welfare - Water Treatment	C6043	Empl Pens & Ben Oper
50450014	Other Welfare - Transm & Distrib	C6045	Empl Pens & Ben Oper
50450015	Other Welfare - Customer Accounting	C6047	Empl Pens & Ben CA
50450016	Other Welfare - Admin & General	C6048	Empl Pens & Ben AG
50451000	Employee Awards	C6048	Empl Pens & Ben AG
50452000	Employee Physical Exams	C6048	Empl Pens & Ben AG
50454000	Safety Incentive Awards	C6048	Empl Pens & Ben AG
50456000	Tuition Aid	C6048	Empl Pens & Ben AG
50457000	Training	C6048	Empl Pens & Ben AG
50458000	Referral Bonus	C6048	Empl Pens & Ben AG
50510000	PBOP Expense	C6048	Empl Pens & Ben AG

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50510100	PBOP Capitalized Credits	C6048	Empl Pens & Ben AG
50550000	Group Insurance Expense	C6048	Empl Pens & Ben AG
50550100	Group Insurance Capitalized Credits	C6048	Empl Pens & Ben AG
50560000	Health Savings Account Expense	C6048	Empl Pens & Ben AG
50610000	Pension Expense	C6048	Empl Pens & Ben AG
50610100	Pension Capitalized Credits	C6048	Empl Pens & Ben AG
50620000	Pension Expense - SRP	C6048	Empl Pens & Ben AG
50630000	Pension Expense - SERP	C6048	Empl Pens & Ben AG
51010000	Purchased Water	C6101	Purchased Water Oper
51010500	PWAC Differential	C6758	Misc Exp AG
51015000	Purchased Water Interco	C6101	Purchased Water Oper
51020000	Diversion Rights	C6101	Purchased Water Oper
51110000	Waste Disposal	C6753	Misc Exp Oper WT
51110500	PSTAC Differential	C6758	Misc Exp AG
51110600	PSTAC Amortization	C6758	Misc Exp AG
51115000	Waste Disposal Interco	C6753	Misc Exp Oper WT
51120000	Amort Waste Disposal	C6753	Misc Exp Oper WT
51510000	Purchased Power - Natural Account	C6158	Purch Power Oper AG
51510011	Purchased Power - Source of Supply	C6151	Purch Power Oper SS
51510012	Purchased Power - Pumping	C6151	Purch Power Oper SS
51510013	Purchased Power - Water Treatment	C6153	Purch Power Oper WT
51510014	Purchased Power - Transmission & Distribution	C6155	Purch Power Oper TD
51510015	Purchased Power - Customer Accounting	C6157	Purch Power Oper CA
51510016	Purchased Power - Admin & General	C6158	Purch Power Oper AG
51510500	Purchased Power Balancing Account	C6151	Purch Power Oper SS
51520000	Fuel for Power Production	C6161	Purch Fuel Oper SS
51800000	Chemicals	C6183	Chemicals Oper WT
51850000	Chemicals Carbon Interco	C6183	Chemicals Oper WT
52000000	M & S (O&M) - Natural Account	C6205	M&S Oper TD
52001100	M & S Oper - Source of Supply	C6201	M&S Oper SS
52001200	M & S Oper - Pumping	C6201	M&S Oper SS
52001300	M & S Oper - Water Treatment	C6203	M&S Oper WT
52001400	M & S Oper - Transmission & Distribution	C6205	M&S Oper TD
52001500	M & S Oper - Customer Accounting	C6207	M&S CA
52001600	M & S Oper - Admin & General	C6208	M&S AG
52001601	Shipper's Edge Freight w/o Inventory	C6208	M&S AG
52500000	Misc Exp (O&M) - Natural Acct	C6758	Misc Exp AG
52501100	Misc Oper - Source of Supply	C6751	Misc Exp Oper SS
52501200	Misc Oper - Pumping	C6751	Misc Exp Oper SS
52501300	Misc Oper - Water Treatment	C6753	Misc Exp Oper WT
52501400	Misc Oper - Transmission & Distribution	C6755	Misc Exp Oper TD
52501410	Misc Oper - Transmission & Distribution Storage	C6755	Misc Exp Oper TD
52501415	Misc Oper - Transmission & Distribution Mains	C6755	Misc Exp Oper TD
52501420	Misc Oper - Transmission & Distribution Meters	C6755	Misc Exp Oper TD
52501425	Misc Oper - Transmssn & Distr Meter Install	C6755	Misc Exp Oper TD
52501500	Misc Oper - Customer Accounting	C6757	Misc Exp CA
52501510	Misc Oper - Customer Accounting Mtr Read	C6757	Misc Exp CA
52501515	Misc Oper - Customer Accounting Cust Rec	C6757	Misc Exp CA
52501520	Misc Oper - Customer Accounting Cust Serv	C6757	Misc Exp CA
52501600	Misc Oper - Admin & General	C6758	Misc Exp AG
52503000	Advertising	C6608	Advertising AG
52510000	Bank Service Charges - Natural Account	C6758	Misc Exp AG
52510015	Bank Service Charges - Customer Accounting	C6757	Misc Exp CA
52510016	Bank Service Charges - Admin & General	C6758	Misc Exp AG
52512500	Books & Publications	C6758	Misc Exp AG
52513200	Business Development	C6758	Misc Exp AG
52514000	Charitable Contribution Deductible	C6758	Misc Exp AG
52514100	Charitable Contribution Nondeductible	C6758	Misc Exp AG
52514500	Charitable Donations - Health/Education/Environmnt	C6758	Misc Exp AG
52514600	Charitable Donations - Community	C6758	Misc Exp AG
52514700	Community Partnerships	C6758	Misc Exp AG
52514800	Community Commercial Initiatives	C6758	Misc Exp AG
52514900	Customer Education	C6758	Misc Exp AG
52514901	Customer Education Communication - Reg	C6758	Misc Exp AG

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52514902	Customer Education Communication - Third Party	C6758	Misc Exp AG
52514903	Customer Education Communication - Issues	C6758	Misc Exp AG
52514904	Customer Education Communication - Conservation	C6758	Misc Exp AG
52514905	Customer Education Communication - Printed	C6758	Misc Exp AG
52514906	Customer Education - Bill Inserts	C6758	Misc Exp AG
52514907	Customer Education - Press Releases	C6758	Misc Exp AG
52514908	Customer Education - Media Editorial	C6758	Misc Exp AG
52514909	Customer Education - Video & Photo	C6758	Misc Exp AG
52514910	Customer Education - Online Development/Production	C6758	Misc Exp AG
52515000	Community Relations - Events	C6758	Misc Exp AG
52515001	Community Relations - Specialty	C6758	Misc Exp AG
52520000	Collection Agencies	C6757	Misc Exp CA
52522000	Community Relations	C6758	Misc Exp AG
52524000	Co Dues/Membership Deductible	C6758	Misc Exp AG
52524100	Co Dues/Membership Nondeductible	C6758	Misc Exp AG
52525000	Condemnation Costs	C6758	Misc Exp AG
52525500	Conservation Expense	C6758	Misc Exp AG
52526000	Credit Line Fees	C6758	Misc Exp AG
52526100	Credit Line Fees Interco	C6758	Misc Exp AG
52527000	Directors Fees	C6758	Misc Exp AG
52527100	Directors Expenses	C6758	Misc Exp AG
52532000	Electricity - Natural Account	C6758	Misc Exp AG
52532011	Electricity - Source of Supply	C6751	Misc Exp Oper SS
52532013	Electricity - Water Treatment	C6753	Misc Exp Oper WT
52532014	Electricity - Transmission & Distribution	C6755	Misc Exp Oper TD
52532015	Electricity - Customer Accounting	C6757	Misc Exp CA
52532016	Electricity - Admin & General	C6758	Misc Exp AG
52534000	Employee Expenses	C6758	Misc Exp AG
52534200	Conferences & Registration	C6758	Misc Exp AG
52535000	Meals Deductible	C6758	Misc Exp AG
52535100	Meals Non-Deductible	C6758	Misc Exp AG
52540000	Amort Bus Services Proj Exp	C6758	Misc Exp AG
52542000	Forms - Natural Account	C6758	Misc Exp AG
52542015	Forms - Customer Accounting	C6757	Misc Exp CA
52542016	Forms - Admin & General	C6758	Misc Exp AG
52546000	Grounds Keeping - Natural Account	C6758	Misc Exp AG
52546011	Grounds Keeping - Source of Supply	C6751	Misc Exp Oper SS
52546013	Grounds Keeping - Water Treatment	C6753	Misc Exp Oper WT
52546014	Grounds Keeping - Transmission & Distribution	C6755	Misc Exp Oper TD
52546016	Grounds Keeping - Admin & General	C6758	Misc Exp AG
52548000	Heating Oil/Gas - Natural Account	C6758	Misc Exp AG
52548011	Heating Oil/Gas - Source of Supply	C6751	Misc Exp Oper SS
52548013	Heating Oil/Gas - Water Treatment	C6753	Misc Exp Oper WT
52548014	Heating Oil/Gas - Transmission & Distribution	C6755	Misc Exp Oper TD
52548015	Heating Oil/Gas - Customer Accounting	C6757	Misc Exp CA
52548016	Heating Oil/Gas - Admin & General	C6758	Misc Exp AG
52548100	Hiring Costs	C6758	Misc Exp AG
52549000	Injuries and Damages	C6758	Misc Exp AG
52549500	Inventory Physical Write-off Scrap	C6758	Misc Exp AG
52550000	Janitorial - Natural Account	C6758	Misc Exp AG
52550012	Janitorial - Pumping	C6751	Misc Exp Oper SS
52550013	Janitorial - Water Treatment	C6753	Misc Exp Oper WT
52550014	Janitorial - Transmission & Distribution	C6755	Misc Exp Oper TD
52550015	Janitorial - Customer Accounting	C6757	Misc Exp CA
52550016	Janitorial - Admin & General	C6758	Misc Exp AG
52554500	Lab Supplies	C6753	Misc Exp Oper WT
52556000	Lobbying Expenses	C6758	Misc Exp AG
52556500	Low Income Pay Program	C6758	Misc Exp AG
52562000	Office & Admin Supplies - Natural Account	C6758	Misc Exp AG
52562011	Office & Admin Supplies - Source of Supply	C6751	Misc Exp Oper SS
52562013	Office & Admin Supplies - Water Treatment	C6753	Misc Exp Oper WT
52562014	Office & Admin Supplies - Transmssn & Distr	C6755	Misc Exp Oper TD
52562015	Office & Admin Supplies - Customer Accounting	C6757	Misc Exp CA
52562016	Office & Admin Supplies - Admin & General	C6758	Misc Exp AG

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52562500	Overnight Shipping - Natural Account	C6758	Misc Exp AG
52562511	Overnight Shipping - Source of Supply	C6751	Misc Exp Oper SS
52562513	Overnight Shipping - Water Treatment	C6753	Misc Exp Oper WT
52562514	Overnight Shipping - Transmission & Distribution	C6755	Misc Exp Oper TD
52562515	Overnight Shipping - Customer Accounting	C6757	Misc Exp CA
52562516	Overnight Shipping - Admin & General	C6758	Misc Exp AG
52564000	Penalties Nondeductible	C6758	Misc Exp AG
52566000	Postage - Natural Account	C6758	Misc Exp AG
52566015	Postage - Customer Accounting	C6757	Misc Exp CA
52566016	Postage - Admin & General	C6758	Misc Exp AG
52566700	Printing	C6758	Misc Exp AG
52567000	Relocation Expenses	C6758	Misc Exp AG
52568000	Research & Development	C6758	Misc Exp AG
52571000	Security Service - Natural Account	C6758	Misc Exp AG
52571011	Security Service - Source of Supply	C6751	Misc Exp Oper SS
52571013	Security Service - Water Treatment	C6753	Misc Exp Oper WT
52571014	Security Service - Transmission & Distribution	C6755	Misc Exp Oper TD
52571015	Security Service - Customer Accounting	C6757	Misc Exp CA
52571016	Security Service - Admin & General	C6758	Misc Exp AG
52571100	Add'l Security Costs	C6758	Misc Exp AG
52571500	Software Licenses	C6758	Misc Exp AG
52572000	Telemetering - Source of Supply	C6751	Misc Exp Oper SS
52574000	Telephone - Natural Account	C6758	Misc Exp AG
52574011	Telephone - Source of Supply	C6751	Misc Exp Oper SS
52574013	Telephone - Water Treatment	C6753	Misc Exp Oper WT
52574014	Telephone - Transmission & Distribution	C6755	Misc Exp Oper TD
52574015	Telephone - Customer Accounting	C6757	Misc Exp CA
52574016	Telephone - Admin & General	C6758	Misc Exp AG
52574100	Cell Phone - Natural Account	C6758	Misc Exp AG
52574111	Cell Phone - Source of Supply	C6751	Misc Exp Oper SS
52574113	Cell Phone - Water Treatment	C6753	Misc Exp Oper WT
52574114	Cell Phone - Transmission & Distribution	C6755	Misc Exp Oper TD
52574115	Cell Phone - Customer Accounting	C6757	Misc Exp CA
52574116	Cell Phone - Admin & General	C6758	Misc Exp AG
52574200	Data Lines - Admin & General	C6758	Misc Exp AG
52574300	Wireless - Service First - Natural Account	C6758	Misc Exp AG
52574314	Wireless - Service First-Transmission&Distribution	C6755	Misc Exp Oper TD
52574315	Wireless - Service First - Customer Accounting	C6757	Misc Exp CA
52574316	Wireless - Service First - Admin & General	C6758	Misc Exp AG
52577500	Trade Shows	C6758	Misc Exp AG
52578000	Trash Removal - Natural Account	C6758	Misc Exp AG
52578011	Trash Removal - Source of Supply	C6751	Misc Exp Oper SS
52578013	Trash Removal - Water Treatment	C6753	Misc Exp Oper WT
52578014	Trash Removal - Transmission & Distribution	C6755	Misc Exp Oper TD
52578015	Trash Removal - Customer Accounting	C6757	Misc Exp CA
52578016	Trash Removal - Admin & General	C6758	Misc Exp AG
52579000	Trustee Fees	C6758	Misc Exp AG
52582000	Uniforms - Natural Account	C6757	Misc Exp CA
52582011	Uniforms - Source of Supply	C6751	Misc Exp Oper SS
52582012	Uniforms - Pumping	C6753	Misc Exp Oper WT
52582013	Uniforms - Water Treatment	C6753	Misc Exp Oper WT
52582014	Uniforms - Transmission & Distribution	C6755	Misc Exp Oper TD
52582015	Uniforms - Customer Accounting	C6757	Misc Exp CA
52582016	Uniforms - Admin & General	C6757	Misc Exp CA
52583000	Water & WW - Natural Account	C6758	Misc Exp AG
52583011	Water & WW - Source of Supply	C6751	Misc Exp Oper SS
52583013	Water & WW - Water Treatment	C6753	Misc Exp Oper WT
52583014	Water & WW - Transmission & Distribution	C6755	Misc Exp Oper TD
52583016	Water & WW - Admin & General	C6758	Misc Exp AG
52585000	Discounts Available	C6758	Misc Exp AG
52585100	Discounts Lost	C6758	Misc Exp AG
52586000	PO Small Price Differences - within tolerance	C6758	Misc Exp AG
52599800	PCard Undistributed	C6758	Misc Exp AG
52801000	Capital Purchases Clearing	C6758	Misc Exp AG

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
52801100	Indirect Overhead Clearing	C6758	Misc Exp AG
52801200	Capital Accrual Clearing	C6758	Misc Exp AG
52801500	Dev Funded Const Clearing	C6758	Misc Exp AG
52801700	T&I Indirect OH Clearing	C6758	Misc Exp AG
52805000	Budget COR Clearing	C6758	Misc Exp AG
52805100	Indirect Overhead RWIP Clearing	C6758	Misc Exp AG
53110000	Contract Svc-Eng - Natural Account	C6318	Cont Serv Eng AG
53110011	Contract Svc-Eng - Source of Supply	C6311	Cont Serv Eng Oper S
53110013	Contract Svc-Eng - Water Treatment	C6313	Cont Serv Eng Oper W
53110014	Contract Svc-Eng - Transmission & Distribution	C6315	Cont Serv Eng Oper T
53110015	Contract Svc-Eng - Customer Accounting	C6317	Cont Serv Eng CA
53110016	Contract Svc-Eng - Admin & General	C6318	Cont Serv Eng AG
53150000	Contract Svc-Other - Natural Account	C6368	Cont Serv Other AG
53150011	Contract Svc-Other - Source of Supply	C6361	Cont Serv Other Oper
53150013	Contract Svc-Other - Water Treatment	C6363	Cont Serv Other Oper
53150014	Contract Svc-Other - Transmission & Distribution	C6365	Cont Serv Other Oper
53150015	Contract Svc-Other - Customer Accounting	C6367	Cont Serv Other CA
53150016	Contract Svc-Other - Admin & General	C6368	Cont Serv Other AG
53151000	Contract Svc-Temp Empl - Natural Account	C6368	Cont Serv Other AG
53151011	Contract Svc-Temp Empl - Source of Supply	C6361	Cont Serv Other Oper
53151013	Contract Svc-Temp Empl - Water Treatment	C6363	Cont Serv Other Oper
53151014	Contract Svc-Temp Empl - Transmssn & Distr	C6365	Cont Serv Other Oper
53151015	Contract Svc-Temp Empl - Customer Accounting	C6367	Cont Serv Other CA
53151016	Contract Svc-Temp Empl - Admin & General	C6368	Cont Serv Other AG
53152000	Contract Svc-Lab Testing - Water Treatment	C6353	Cont Serv Testing Op
53153000	Contract Services - Accounting	C6328	Cont Serv Acct AG
53154000	Contract Services - Audit Fees	C6328	Cont Serv Acct AG
53155000	Contract Services - Legal	C6338	Cont Serv Legal AG
53156000	Contract Services - Litigation	C6338	Cont Serv Legal AG
53157000	Contract Services - Outplacement	C6758	Misc Exp AG
53158000	Contract Services - BT Related Incr Ext Costs	C6368	Cont Serv Other AG
53159000	Contract Services - Centrally Sponsored Projects	C6338	Cont Serv Legal AG
53159100	Contract Services - Hardware Services	C6338	Cont Serv Legal AG
53185000	Contract Services - Interco	C6368	Cont Serv Other AG
53401000	AWWSC Services - Labor OPEX	C6348	Cont Serv Mgmt Fee A
53401100	AWWSC Services - Pension OPEX	C6348	Cont Serv Mgmt Fee A
53401200	AWWSC Services - Group Insurance OPEX	C6348	Cont Serv Mgmt Fee A
53401300	AWWSC Services - Other Benefits OPEX	C6348	Cont Serv Mgmt Fee A
53401400	AWWSC Services - Contracted Services OPEX	C6348	Cont Serv Mgmt Fee A
53401500	AWWSC Services - Office Supplies OPEX	C6348	Cont Serv Mgmt Fee A
53401700	AWWSC Services - Rents OPEX	C6348	Cont Serv Mgmt Fee A
53401800	AWWSC Services Customer Accounting OPEX	C6348	Cont Serv Mgmt Fee A
53401900	AWWSC Services - Maint Supplies & Svcs OPEX	C6348	Cont Serv Mgmt Fee A
53402100	AWWSC Services - Other O&M Expense OPEX	C6348	Cont Serv Mgmt Fee A
53402200	AWWSC Services - Depr & Amort OPEX	C6348	Cont Serv Mgmt Fee A
53402300	AWWSC Services - General Taxes OPEX	C6348	Cont Serv Mgmt Fee A
53402400	AWWSC Services - Net Interest OPEX	C6348	Cont Serv Mgmt Fee A
53402500	AWWSC Services - Other Inc & Ded OPEX	C6348	Cont Serv Mgmt Fee A
53402600	AWWSC Services - Income Taxes OPEX	C6348	Cont Serv Mgmt Fee A
53409999	AWWSC Services - Conversion	C6348	Cont Serv Mgmt Fee A
53481000	AWWSC Services - Labor CAPX	C6348	Cont Serv Mgmt Fee A
53481100	AWWSC Services - Pension CAPX	C6348	Cont Serv Mgmt Fee A
53481200	AWWSC Services - Group Insurance CAPX	C6348	Cont Serv Mgmt Fee A
53481300	AWWSC Services - Other Benefits CAPX	C6348	Cont Serv Mgmt Fee A
53481400	AWWSC Services - Contracted Services CAPX	C6348	Cont Serv Mgmt Fee A
53481500	AWWSC Services - Office Supplies CAPX	C6348	Cont Serv Mgmt Fee A
53481700	AWWSC Services - Rents CAPX	C6348	Cont Serv Mgmt Fee A
53481800	AWWSC Services Customer Accounting CAPX	C6348	Cont Serv Mgmt Fee A
53481900	AWWSC Services - Maint Supplies & Svcs CAPX	C6348	Cont Serv Mgmt Fee A
53482100	AWWSC Services - Other O&M Expense CAPX	C6348	Cont Serv Mgmt Fee A
53482200	AWWSC Services - Depr & Amort CAPX	C6348	Cont Serv Mgmt Fee A
53482300	AWWSC Services - General Taxes CAPX	C6348	Cont Serv Mgmt Fee A
53482400	AWWSC Services - Net Interest CAPX	C6348	Cont Serv Mgmt Fee A
53482500	AWWSC Services - Other Inc & Ded CAPX	C6348	Cont Serv Mgmt Fee A

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
53482600	AWWSC Services - Income Taxes CAPX	C6348	Cont Serv Mgmt Fee A
54110000	Rents-Real Property - Natural Account	C6418	Rents-Real Prop AG
54110011	Rents-Real Property - Source of Supply	C6411	Rents-Real Prop Oper
54110012	Rents-Real Property - Pumping	C6411	Rents-Real Prop Oper
54110013	Rents-Real Property - Water Treatment	C6413	Rents-Real Prop Oper
54110014	Rents-Real Property - Transmission & Distribution	C6415	Rents-Real Prop Oper
54110015	Rents-Real Property - Customer Accounting	C6417	Rents-Real Prop CA
54110016	Rents-Real Property - Admin & General	C6418	Rents-Real Prop AG
54115000	Rents-Real Property Interco	C6418	Rents-Real Prop AG
54140000	Rents-Equipment - Natural Account	C6428	Rents-Equipment AG
54140011	Rents-Equipment - Source of Supply	C6421	Rents-Equipment Oper
54140012	Rents-Equipment - Pumping	C6421	Rents-Equipment Oper
54140013	Rents-Equipment - Water Treatment	C6423	Rents-Equipment Oper
54140014	Rents-Equipment - Transmission & Distribution	C6425	Rents-Equipment Oper
54140015	Rents-Equipment - Customer Accounting	C6427	Rents-Equipment CA
54140016	Rents-Equipment - Admin & General	C6428	Rents-Equipment AG
54145000	Rents-Equipment Intercompany	C6418	Rents-Real Prop AG
55000000	Transportation (O&M) - Natural Account	C6508	Transportation AG
55000011	Transportation Oper - Source of Supply	C6501	Transportation Oper
55000012	Transportation Oper - Pumping	C6501	Transportation Oper
55000013	Transportation Oper - Water Treatment	C6503	Transportation Oper
55000014	Transportation Oper - Transmission & Distribution	C6505	Transportation Oper
55000015	Transportation Oper - Customer Accounting	C6507	Transportation CA
55000016	Transportation Oper - Admin & General	C6508	Transportation AG
55000021	Transportation Maint - Source of Supply	C6502	Transportation Maint
55000022	Transportation Maint - Pumping	C6502	Transportation Maint
55000023	Transportation Maint - Water Treatment	C6504	Transportation Maint
55000024	Transportation Maint - Transmission & Distribution	C6506	Transportation Maint
55000026	Transportation Maint - Admin & General	C6508	Transportation AG
55000100	Transportation Capitalized Credits	C6508	Transportation AG
55010100	Transportation Lease Costs	C6508	Transportation AG
55010200	Transportation Lease Fuel	C6508	Transportation AG
55010300	Transportation Lease Maint	C6508	Transportation AG
55010400	Transportation - Employee Reimbursement to Company	C6508	Transportation AG
55010500	Transportation - Reimburse Employee Personal Use	C6508	Transportation AG
55020000	Fuel - Physical Inventory Write-off Scrap	C6508	Transportation AG
55110000	Insurance Vehicle	C6568	Ins Vehicle AG
55115000	Insurance Vehicle - Intercompany	C6568	Ins Vehicle AG
55710000	Insurance General Liabilty	C6578	Ins Gen Liab AG
55711000	Insurance Casualty Reserve	C6578	Ins Gen Liab AG
55715000	Insurance General Liabilty - Intercompany	C6578	Ins Gen Liab AG
55720000	Insurance Workers Compensation	C6588	Ins Work Comp AG
55720100	Insurance WC Capitalized Credits	C6588	Ins Work Comp AG
55725000	Insurance Workers Compensation - Intercompany	C6588	Ins Work Comp AG
55730000	Insurance Other	C6598	Ins Other AG
55735000	Insurance Other - Intercompany	C6598	Ins Other AG
55740000	Insurance Property	C6598	Ins Other AG
55745000	Insurance Property - Intercompany	C6598	Ins Other AG
56610000	Regulatory Exp - Amortization	C6668	Reg Exp-Rate Case
56611000	Regulatory Exp - Not Authorized	C6668	Reg Exp-Rate Case
56620000	Regulatory Exp - Amort Depreciation Study	C6678	Reg Exp-Other AG
56630000	Regulatory Exp - Amort Management Study	C6678	Reg Exp-Other AG
56670000	Regulatory Exp - Other	C6678	Reg Exp-Other AG
57010000	Uncollectible Accounts Exp - Natural Account	C6707	Bad Debt Expense
57010015	Uncollectible Accounts Exp - Customer Accounting	C6707	Bad Debt Expense
57010016	Uncollectible Accounts Exp - Admin & General	C6707	Bad Debt Expense
57010100	Uncollectible Accounts Exp - Individual Value Adj	C6707	Bad Debt Expense
57010199	Uncollectible Expense - Leak Adjustments	C6707	Bad Debt Expense
58001000	Impairment - Goodwill	C6758	Misc Exp AG
58001500	Impairment - Intangibles	C6758	Misc Exp AG
58002000	Impairment - Plant Property & Equipment	C6758	Misc Exp AG
59011000	Gains/Losses Non-Utility Property Disposals	C426	Misc Nonutility Expe
59011500	Gains/Losses Non-Utility Property Sales	C426	Misc Nonutility Expe
59021000	Gains/Losses Utility Property Sales	C426	Misc Nonutility Expe

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
59022000	Gains/Losses Acquisition of Asset	C426	Misc Nonutility Expe
62002100	M&S Maint - Source of Supply	C6202	M&S Maint SS
62002200	M&S Maint - Pumping	C6202	M&S Maint SS
62002300	M&S Maint - Water Treatment	C6204	M&S Maint WT
62002400	M&S Maint - Transmission & Distribution	C6206	M&S Maint TD
62002600	M&S Maint - Admin & General	C6208	M&S AG
62502100	Misc Maint - Source of Supply	C6752	Misc Exp Maint SS
62502110	Misc Maint - Source of Supply Struct & Imp	C6752	Misc Exp Maint SS
62502115	Misc Maint - Source of Supply Coll & Imp	C6752	Misc Exp Maint SS
62502120	Misc Maint - Source of Supply Lake	C6752	Misc Exp Maint SS
62502125	Misc Maint - Source of Supply Wells	C6752	Misc Exp Maint SS
62502130	Misc Maint - Source of Supply Infil Gallery	C6752	Misc Exp Maint SS
62502135	Misc Maint - Source of Supply Supply Mains	C6752	Misc Exp Maint SS
62502200	Misc Maint - Pumping	C6752	Misc Exp Maint SS
62502210	Misc Maint - Pumping - Struct & Imp	C6752	Misc Exp Maint SS
62502215	Misc Maint - Pumping - Power Production	C6752	Misc Exp Maint SS
62502300	Misc Maint - Water Treatment	C6754	Misc Exp Maint WT
62502310	Misc Maint - Water Treatment - Struct & Imp	C6754	Misc Exp Maint WT
62502315	Misc Maint - Water Treatment - Equipment	C6754	Misc Exp Maint WT
62502400	Misc Maint - Transmission & Distribution	C6756	Misc Exp Maint TD
62502410	Misc Maint - Transmission & Distr - Struct & Imp	C6756	Misc Exp Maint TD
62502415	Misc Maint - Transmission & Distrib - Dist Res	C6756	Misc Exp Maint TD
62502420	Misc Maint - Transmission & Distribution - Mains	C6756	Misc Exp Maint TD
62502425	Misc Maint - Transmission & Distrib - Fire Main	C6756	Misc Exp Maint TD
62502430	Misc Maint - Transmission & Distribution - Service	C6756	Misc Exp Maint TD
62502435	Misc Maint - Transmission & Distribution - Meters	C6756	Misc Exp Maint TD
62502440	Misc Maint - Transmission & Distribution - Hydrant	C6756	Misc Exp Maint TD
62502600	Misc Maint - Admin & General	C6758	Misc Exp AG
62510000	Amort Def Maint - Natural Account	C6756	Misc Exp Maint TD
62512100	Amort Def Maint - Source of Supply	C6752	Misc Exp Maint SS
62512200	Amort Def Maint - Pumping	C6752	Misc Exp Maint SS
62512300	Amort Def Maint - Water Treatment	C6754	Misc Exp Maint WT
62512400	Amort Def Maint - Transmission & Distribution	C6756	Misc Exp Maint TD
62520700	Misc Maint Paving/Backfill	C6756	Misc Exp Maint TD
62520800	Misc Maint Permits - Natural Account	C6756	Misc Exp Maint TD
62520821	Misc Maint Permits - Source of Supply	C6756	Misc Exp Maint TD
62520824	Misc Maint Permits - Transmission & Distribution	C6756	Misc Exp Maint TD
63110021	Contract Svc-Eng Maint - Source of Supply	C6312	Cont Serv Eng Maint
63110022	Contract Svc-Eng Maint - Pumping	C6312	Cont Serv Eng Maint
63110023	Contract Svc-Eng Maint - Water Treatment	C6314	Cont Serv Eng Maint
63110024	Contract Svc-Eng Maint - Transmission & Distr	C6316	Cont Serv Eng Maint
63110026	Contract Svc-Eng Maint - Admin & General	C6318	Cont Serv Eng AG
63150021	Contract Svc-Other Maint - Source of Supply	C6362	Cont Serv Other Main
63150022	Contract Svc-Other Maint - Pumping	C6363	Cont Serv Other Oper
63150023	Contract Svc-Other Maint - Water Treatment	C6364	Cont Serv Other Main
63150024	Contract Svc-Other Maint - Transmission & Distr	C6366	Cont Serv Other Main
63150026	Contract Svc-Other Maint - Admin & General	C6368	Cont Serv Other AG
68011000	Depreciation Exp - UPIS General	C403	Depreciation Exp
68011100	Depreciation Expense - Vehicles	C403	Depreciation Exp
68011110	Depreciation Expense -Capitalized Credits	C403	Depreciation Exp
68011200	Depreciation Exp - Non-Utility Property	C403	Depreciation Exp
68011500	Depreciation Exp - Amort Def Depreciation	C403	Depreciation Exp
68012000	Depreciation Exp - Amort CIAC Tax	C403	Depreciation Exp
68012500	Depreciation Exp - Amort CIAC Nontax	C403	Depreciation Exp
68013000	Depreciation Exp - UPAA FAS141	C403	Depreciation Exp
68013500	Depreciation Exp - Neg UPAA	C403	Depreciation Exp
68014000	Depreciation Exp - Regulatory Acq Adj	C403	Depreciation Exp
68251000	Amortization - Ltd Term Plant	C4071	Amort-Ltd Term UP
68252000	Amortization - Capital Leases	C4071	Amort-Ltd Term UP
68253000	Amortization - Post In-Service AFUDC	C4071	Amort-Ltd Term UP
68254000	Amortization - Reg Asset AFUDC	C4071	Amort-Ltd Term UP
68255000	Amortization - UPAA	C406	Amort UPAA
68256000	Amortization - Intangible Finite Life	C406	Amort UPAA
68257000	Amortization - Property Losses	C4072	Amort-Prop Losses

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68258000	Amortization - Reg Asset	C4074	Amort-Reg Asset
68259000	Amortization - Other UP	C4073	Amort-Other UP
68311000	Removal Costs - ARO/Net Neg Salvage	C403	Depreciation Exp
68312000	Removal Costs - Net Negative Salvage CIAC Tax	C403	Depreciation Exp
68312500	Removal Costs - Net Negative Salvage CIAC Non-Tax	C403	Depreciation Exp
68520000	Property Taxes	C40811	Taxes Oth than Inc-P
68520100	Tax Discounts	C40811	Taxes Oth than Inc-P
68529000	Property Tax Non-Utility Property	C40820	Taxes Oth than Inc-O
68532000	FUTA	C40812	Taxes Oth than Inc-P
68532100	FUTA Cap Credits	C40812	Taxes Oth than Inc-P
68533000	FICA	C40812	Taxes Oth than Inc-P
68533100	FICA Cap Credits	C40812	Taxes Oth than Inc-P
68535000	SUTA	C40812	Taxes Oth than Inc-P
68535100	SUTA Cap Credits	C40812	Taxes Oth than Inc-P
68536000	ER Local Tax	C40812	Taxes Oth than Inc-P
68536100	Local Cap Credit	C40812	Taxes Oth than Inc-P
68541000	Capital Stock Tax	C40813	Taxes Oth than Inc-O
68542000	Enviromental Tax	C40813	Taxes Oth than Inc-O
68543000	Other Taxes and Licenses	C40813	Taxes Oth than Inc-O
68544000	Gross Receipts Tax	C40813	Taxes Oth than Inc-O
68545000	Utility Reg Assessment	C40810	Taxes Oth than Inc-R
69011000	FIT - Current	C40910	Income Taxes-FIT Ope
69011400	FIT - Current - Unitary Returns	C40910	Income Taxes-FIT Ope
69012000	FIT - Prior Year Adjustment	C40910	Income Taxes-FIT Ope
69012400	FIT - Prior Year - Unitary Returns	C40910	Income Taxes-FIT Ope
69012500	FIT - Acquisition Adjustment	C40910	Income Taxes-FIT Ope
69013100	FIT - Income Tax Interest	C40910	Income Taxes-FIT Ope
69013200	FIT - Income Tax Penalty	C40910	Income Taxes-FIT Ope
69021000	SIT - Current	C40911	Income Taxes-SIT Ope
69021400	SIT - Current - Unitary Returns	C40911	Income Taxes-SIT Ope
69022000	SIT - Prior Year Adjustment	C40911	Income Taxes-SIT Ope
69022400	SIT - Prior Year - Unitary Returns	C40911	Income Taxes-SIT Ope
69022500	SIT - Acquisition Adjustment	C40911	Income Taxes-SIT Ope
69023100	SIT - Income Tax Interest	C40910	Income Taxes-FIT Ope
69023200	SIT - Income Tax Penalty	C40910	Income Taxes-FIT Ope
69031000	FIT - Other Income & Deductions Current Year	C40920	Income Taxes-Oth Inc
69031500	FIT - Reduction Acquisition Adjustment	C40920	Income Taxes-Oth Inc
69041000	SIT - Other Income & Deductions Current Year	C40920	Income Taxes-Oth Inc
69041500	SIT - Reduction Acquisition Adjustment	C40920	Income Taxes-Oth Inc
69061000	Deferred FIT - Current Year	C41010	Def Inc Tax-FIT
69061400	Deferred FIT - Current Year - Unitary Returns	C41010	Def Inc Tax-FIT
69062000	Deferred FIT - Prior Year Adjustment	C41010	Def Inc Tax-FIT
69062400	Deferred FIT - Prior Year - Unitary Returns	C41010	Def Inc Tax-FIT
69063000	Deferred FIT - Reg Asset/Liability	C41010	Def Inc Tax-FIT
69065000	Deferred FIT - Other	C41010	Def Inc Tax-FIT
69071000	Deferred SIT - Current Year	C41011	Def Inc Tax-SIT
69071400	Deferred SIT - Current Year - Unitary Returns	C41011	Def Inc Tax-SIT
69072000	Deferred SIT - Prior Year Adjustment	C41011	Def Inc Tax-SIT
69072400	Deferred SIT - Prior Year - Unitary Returns	C41011	Def Inc Tax-SIT
69073000	Deferred SIT - Reg Asset/Liability	C41011	Def Inc Tax-SIT
69073500	Deferred SIT - Other	C41011	Def Inc Tax-SIT
69522000	Investment Tax Credits Restored - 3%	C41211	ITC-Restored
69523000	Investment Tax Credits Restored - 4%	C41211	ITC-Restored
69524000	Investment Tax Credits Restored - 10%	C41211	ITC-Restored
69525000	Investment Tax Credits Restored - 6%	C41211	ITC-Restored
69550000	Investment Tax Credits Restored SIT	C41211	ITC-Restored
70510000	AFUDC - Equity	C420	AFUDC
71010000	Dividend Income	C419	Interest & Dividend
71015000	Dividend Income C/S Interco	C419	Interest & Dividend
71030000	Dividend Income P/S Interco	C419	Interest & Dividend
71511000	M&J Revenues	C415	M&J Revenues
71511500	M&J Revenues Intercompany	C415	M&J Revenues
71511510	M&J Rev WLPP Billing Intercompany	C415	M&J Revenues
71521000	M&J Expenses	C416	M&J Expenses

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
71521500	M&J Expenses Intercompany	C416	M&J Expenses
71611000	Misc Nonutility Revenue	C421	Nonutility Income
71611100	Misc Nonutility Rev Rents	C421	Nonutility Income
71611510	Misc Nonutility Revenue Intercompany	C421	Nonutility Income
71611520	Misc Nonutility Rev Debt Exp Intercompany	C421	Nonutility Income
71611530	Misc Nonutility Rev Credit Line Intercompany	C421	Nonutility Income
71611540	Misc Nonutility Rev Rent Intercompany	C421	Nonutility Income
71621000	Misc Nonutility Expense	C426	Misc Nonutility Expe
71630000	Misc Nonutility JV Profit/Loss	C426	Misc Nonutility Expe
71711000	Gains/Losses SERP Inv (Suppl Exec Retiremnt Plan)	C426	Misc Nonutility Expe
71712000	Gains/Losses Other Non-Operating	C426	Misc Nonutility Expe
71713000	Gains/Losses Deferred Comp Trust	C426	Misc Nonutility Expe
71810000	Other Non-service Pension Benefit Cost	C6048	Empl Pens & Ben AG
71820000	Other Non-service PBOP Benefit Cost	C6048	Empl Pens & Ben AG
72801000	Adv Receipt Services Clearing	C421	Nonutility Income
72801100	Adv Receipt Non-Services Clearing	C421	Nonutility Income
72801200	Adv Refund Services Clearing	C421	Nonutility Income
72801300	Adv Refund Non-Services Clearing	C421	Nonutility Income
72802000	CIAC Receipt Services Clearing	C421	Nonutility Income
72802100	CIAC Receipt Non-Services Clearing	C421	Nonutility Income
72803000	Salvage/Scrap Receipt Clearing	C421	Nonutility Income
72803100	Property Sale Receipt Clearing	C421	Nonutility Income
75510000	Amortize UPAA	C426	Misc Nonutility Expe
75520000	Amortize Preferred Stock Expense	C426	Misc Nonutility Expe
75810000	Donations Deductible	C426	Misc Nonutility Expe
75811000	Donations Deduct Customer Assist	C426	Misc Nonutility Expe
75815000	Donations Non-deductible	C426	Misc Nonutility Expe
75820000	Other Income Deductions	C426	Misc Nonutility Expe
75840000	Lobbying Expenses	C426	Misc Nonutility Expe
75841000	Political Contributiions	C426	Misc Nonutility Expe
81010000	Interest Long Term Debt	C4273	Int Exp-LTD
81015000	Interest Long Term Debt Intercompany	C4273	Int Exp-LTD
81016000	Interest expense-LTD debt discount amort inside	C4273	Int Exp-LTD
81017000	Early Debt Retirement Loss - External	C4273	Int Exp-LTD
81017100	Early Debt Retirement Gain - Intercompany	C4273	Int Exp-LTD
81017200	Early Debt Retirement Loss - Intercompany	C4273	Int Exp-LTD
81020000	Dividends Declared P/S w/ Mand Redemptn Requiremts	C437	Dividends Declared -
81030000	Interest Capital Lease	C4273	Int Exp-LTD
81035000	Interest Capital Lease Intercompany	C4273	Int Exp-LTD
81050000	Interest LTD Gain/Loss Hedge SWAP	C4273	Int Exp-LTD
81050100	Interest LTD Gain/Loss Hedge Debt	C4273	Int Exp-LTD
81050300	Gain on Hedge	C4273	Int Exp-LTD
81050305	Gain on Hedge Intercompany	C4273	Int Exp-LTD
81050400	Loss on Hedge	C4273	Int Exp-LTD
81050405	Loss on Hedge Intercompany	C4273	Int Exp-LTD
81055200	Interest LTD Gain/Loss Hedge Intercompany	C4273	Int Exp-LTD
81310000	Interest Short Term Debt	C4272	Int Exp-Short Term D
81315000	Interest Short Term Debt Intercompany	C4272	Int Exp-Short Term D
81315100	In-House Cash Center Interest Inc/Exp Clearing	C4272	Int Exp-Short Term D
81500000	Interest Other	C4275	Int Exp-Other
81810000	Interest Income	C419	Interest & Dividend
81815000	Interest income-LTD intercompany	C419	Interest & Dividend
81815100	Interest Income - STD Intercompany	C4273	Int Exp-LTD
81816000	Interest Income - LTD debt discount amort	C4273	Int Exp-LTD
81817000	AWTR Interest Income - LTD debt premium amort	C4273	Int Exp-LTD
82010000	Amortize Debt Disc & Exp	C428	Amort Debt Expense
82015000	Amortize Debt Disc & Exp Intercompany	C428	Amort Debt Expense
82016000	Amortize Debt Exp Inside-Revolving Credit Line	C428	Amort Debt Expense
82020000	Amort P/S Exp w/ Mandatory Redemptn Requiremts	C428	Amort Debt Expense
85000000	AFUDC Debt	C420	AFUDC
86021000	Dividend Declared Common Stock	C438	Dividends Declared -
86021500	Dividend Declared Common Stock Intercompany	C438	Dividends Declared -
86031000	Dividend Declared Preferred Stock	C437	Dividends Declared -
86031500	Dividend Declared Preferred Stock Intercompany	C437	Dividends Declared -

GL Account	GL Account Description	NARUC96	NARUC96 Account Description
88101000	Capital Movements - UP	C6758	Misc Exp AG
88106000	Capital Movements - CCNC	C6758	Misc Exp AG
88107000	Capital Movements - CWIP	C6758	Misc Exp AG
88108020	Capital Movements - UP - A/D - Salvage	C6758	Misc Exp AG
88121000	Capital Movements - Non-Utility Property	C6758	Misc Exp AG
88121800	Capital Movements - Non-Utility Property - CWIP	C6758	Misc Exp AG
88186800	Capital Movements - Reg Asset Cost of Removal	C6758	Misc Exp AG
88186801	Capital Movements - Reg Asset Cost of Removal RWIP	C6758	Misc Exp AG
88252100	Capital Movements - ADV NT	C6758	Misc Exp AG
88252170	Capital Movements - ADV NT WIP	C6758	Misc Exp AG
88252200	Capital Movements - ADV Tax	C6758	Misc Exp AG
88252270	Capital Movements - ADV Tax WIP	C6758	Misc Exp AG
88257000	Capital Movements - Cost of Removal	C6758	Misc Exp AG
88257100	Capital Movements - RWIP	C6758	Misc Exp AG
88271100	Capital Movements - CIAC NT	C6758	Misc Exp AG
88271170	Capital Movements - CIAC NT WIP	C6758	Misc Exp AG
88271200	Capital Movements - CIAC Tax	C6758	Misc Exp AG
88271270	Capital Movements - CIAC Tax WIP	C6758	Misc Exp AG
88900000	Capital Movements - Settlement	C6758	Misc Exp AG

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 30

Description of Filing Requirement:

The latest twelve months of the monthly managerial reports providing financial results of operations in comparison to the forecast.

Response:

Please see attached documents which include the twelve monthly financial results of operations in comparison to forecast/ budget reports for the twelve months ended March 2026.

For electronic version, refer to KAW_APP_EX30_051526.pdf.

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Mar 2026		
	MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	12,827	11,553	1,274
Sewer revenues	129	169	(40)
Other operating revenues	198	187	11
Operating revenues	**13,154**	**11,909**	**1,245**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	35	19	(16)
Fuel and Power	642	516	(127)
Chemicals	403	470	67
Waste disposal	11	62	51
Total production costs	**1,091**	**1,066**	**(25)**
Salaries & Wages	901	926	25
Pensions	6	6	(0)
Group insurances	166	161	(5)
Other benefits	63	74	10
Total employee related	**1,137**	**1,167**	**30**
Service Company costs	**1,567**	**1,437**	**(130)**
Contracted services	237	130	(107)
Building maintenance and services	93	77	(16)
Telecommunication expenses	24	30	6
Postage printing and stationery	1	2	1
Office supplies & expenses	34	25	(9)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	22	13	(9)
Miscellaneous expenses	95	(44)	(139)
Rents	9	3	(6)
Transportation	72	44	(28)
Operating supplies & services	**587**	**281**	**(307)**
Uncollectible Accounts Exp	164	71	(93)
Customer accounting other	11	8	(2)
Regulatory expense	31	80	49
Insurance other than group	238	167	(71)
Maintenance service & supplies	288	231	(56)
Total operation and maintenance	**5,113**	**4,509**	**(605)**
Depreciation	2,412	2,399	(13)
Amortization	8	7	(1)
Removal costs	329	339	10
Depreciation and Amortization	**2,749**	**2,745**	**(4)**
General taxes	(1,661)	997	2,657
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**6,202**	**8,251**	**2,049**
Operating income (loss)	**6,952**	**3,658**	**3,294**
OTHER INCOME (EXPENSES)			
Interest net	(1,259)	(1,217)	(42)
Nonoperating benefit costs, net	55	44	11
Allowance for other funds used during construction	63	61	2
Allowance for borrowed funds used during construction	27	26	2
Amortization of debt expense	(36)	(25)	(10)
Other Net	(8)	(19)	12
Total other income (expenses)	**(1,157)**	**(1,131)**	**(26)**
Income (loss) before income taxes	**5,795**	**2,528**	**3,267**
Provision for income taxes	1,383	644	(740)
Net income (loss)	**4,411**	**1,884**	**2,528**

KENTUCKY AMERICAN WATER

Statement of Income - Feb 2026

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	11,219	11,022	198
Sewer revenues	133	165	(31)
Other operating revenues	182	165	18
Operating revenues	**11,535**	**11,351**	**184**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	42	21	(21)
Fuel and Power	587	398	(189)
Chemicals	302	329	27
Waste disposal	47	62	15
Total production costs	**978**	**810**	**(168)**
Salaries & Wages	857	783	(73)
Pensions	7	6	(1)
Group insurances	163	161	(2)
Other benefits	61	71	10
Total employee related	**1,088**	**1,021**	**(67)**
Service Company costs	**1,130**	**1,182**	**52**
Contracted services	144	130	(14)
Building maintenance and services	113	90	(23)
Telecommunication expenses	24	30	6
Postage printing and stationery	1	1	0
Office supplies & expenses	39	25	(14)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	14	12	(2)
Miscellaneous expenses	120	(55)	(176)
Rents	7	4	(3)
Transportation	40	44	4
Operating supplies & services	**502**	**282**	**(220)**
Uncollectible Accounts Exp	(50)	68	118
Customer accounting other	8	8	0
Regulatory expense	36	80	44
Insurance other than group	131	167	37
Maintenance service & supplies	219	260	41
Total operation and maintenance	**4,042**	**3,878**	**(164)**
Depreciation	2,413	2,389	(24)
Amortization	8	7	(1)
Removal costs	328	337	9
Depreciation and Amortization	**2,750**	**2,734**	**(16)**
General taxes	(229)	1,006	1,234
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**6,563**	**7,618**	**1,054**
Operating income (loss)	**4,972**	**3,734**	**1,238**
OTHER INCOME (EXPENSES)			
Interest net	(1,250)	(1,201)	(48)
Nonoperating benefit costs, net	55	44	11
Allowance for other funds used during construction	39	49	(10)
Allowance for borrowed funds used during construction	17	21	(4)
Amortization of debt expense	(31)	(25)	(6)
Other Net	(8)	(13)	5
Total other income (expenses)	**(1,177)**	**(1,125)**	**(53)**
Income (loss) before income taxes	**3,795**	**2,609**	**1,186**
Provision for income taxes	921	622	(299)
Net income (loss)	**2,874**	**1,987**	**887**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Jan 2026 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	11,560	11,762	(203)
Sewer revenues	116	177	(61)
Other operating revenues	170	175	(5)
Operating revenues	**11,846**	**12,115**	**(269)**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	40	19	(21)
Fuel and Power	464	475	11
Chemicals	272	449	176
Waste disposal	46	60	14
Total production costs	**822**	**1,003**	**181**
Salaries & Wages	860	857	(4)
Pensions	7	6	(1)
Group insurances	189	161	(28)
Other benefits	68	71	3
Total employee related	**1,124**	**1,094**	**(30)**
Service Company costs	**1,223**	**1,239**	**16**
Contracted services	254	117	(138)
Building maintenance and services	91	85	(6)
Telecommunication expenses	27	30	4
Postage printing and stationery	3	2	(1)
Office supplies & expenses	34	23	(11)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	19	11	(7)
Miscellaneous expenses	6	(25)	(31)
Rents	4	4	(0)
Transportation	31	44	13
Operating supplies & services	**469**	**291**	**(178)**
Uncollectible Accounts Exp	153	72	(81)
Customer accounting other	10	8	(1)
Regulatory expense	31	80	49
Insurance other than group	146	167	21
Maintenance service & supplies	302	245	(57)
Total operation and maintenance	**4,279**	**4,200**	**(80)**
Depreciation	2,410	2,371	(40)
Amortization	8	7	(1)
Removal costs	330	335	5
Depreciation and Amortization	**2,749**	**2,713**	**(36)**
General taxes	543	1,006	464
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**7,571**	**7,919**	**348**
Operating income (loss)	**4,275**	**4,196**	**79**
OTHER INCOME (EXPENSES)			
Interest net	(1,247)	(1,211)	(36)
Nonoperating benefit costs, net	55	44	11
Allowance for other funds used during construction	63	46	18
Allowance for borrowed funds used during construction	26	19	7
Amortization of debt expense	(33)	(25)	(8)
Other Net	(9)	(18)	9
Total other income (expenses)	**(1,145)**	**(1,145)**	**0**
Income (loss) before income taxes	**3,131**	**3,051**	**80**
Provision for income taxes	742	727	(15)
Net income (loss)	**2,388**	**2,324**	**64**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Dec 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	11,458	10,889	569
Sewer revenues	138	141	(3)
Other operating revenues	176	193	(17)
Operating revenues	**11,772**	**11,223**	**549**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	35	18	(18)
Fuel and Power	417	454	37
Chemicals	364	258	(106)
Waste disposal	48	61	13
Total production costs	**865**	**791**	**(73)**
Salaries & Wages	1,057	887	(171)
Pensions	7	8	1
Group insurances	161	149	(13)
Other benefits	88	73	(16)
Total employee related	**1,314**	**1,116**	**(198)**
Service Company costs	**1,407**	**1,236**	**(172)**
Contracted services	190	207	17
Building maintenance and services	136	115	(20)
Telecommunication expenses	27	30	3
Postage printing and stationery	2	3	2
Office supplies & expenses	47	37	(10)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	(5)	15	20
Miscellaneous expenses	45	75	31
Rents	4	2	(2)
Transportation	21	66	45
Operating supplies & services	**467**	**551**	**84**
Uncollectible Accounts Exp	42	43	1
Customer accounting other	10	8	(1)
Regulatory expense	128	29	(100)
Insurance other than group	168	150	(18)
Maintenance service & supplies	317	386	70
Total operation and maintenance	**4,718**	**4,311**	**(408)**
Depreciation	2,366	2,529	163
Amortization	8	7	(1)
Removal costs	323	351	28
Depreciation and Amortization	**2,697**	**2,887**	**190**
General taxes	(1,680)	969	2,649
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**5,735**	**8,167**	**2,432**
Operating income (loss)	**6,037**	**3,057**	**2,980**
OTHER INCOME (EXPENSES)			
Interest net	(1,206)	(1,212)	5
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	79	68	11
Allowance for borrowed funds used during construction	34	41	(8)
Amortization of debt expense	(33)	(22)	(11)
Other Net	(18)	(15)	(4)
Total other income (expenses)	**(1,105)**	**(1,102)**	**(3)**
Income (loss) before income taxes	**4,932**	**1,954**	**2,978**
Provision for income taxes	1,098	464	(634)
Net income (loss)	**3,834**	**1,490**	**2,344**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Nov 2025		
	MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	10,731	10,995	(264)
Sewer revenues	121	146	(24)
Other operating revenues	183	172	10
Operating revenues	**11,035**	**11,313**	**(278)**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	32	18	(14)
Fuel and Power	467	532	64
Chemicals	312	325	12
Waste disposal	48	61	13
Total production costs	**860**	**936**	**76**
Salaries & Wages	772	738	(34)
Pensions	8	8	(0)
Group insurances	143	149	6
Other benefits	64	67	2
Total employee related	**987**	**961**	**(26)**
Service Company costs	**1,133**	**987**	**(147)**
Contracted services	165	146	(19)
Building maintenance and services	59	74	15
Telecommunication expenses	28	30	2
Postage printing and stationery	1	4	3
Office supplies & expenses	32	33	1
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	(1)	13	13
Miscellaneous expenses	100	92	(8)
Rents	5	4	(1)
Transportation	34	77	43
Operating supplies & services	**423**	**473**	**50**
Uncollectible Accounts Exp	61	42	(20)
Customer accounting other	9	8	(1)
Regulatory expense	29	29	(0)
Insurance other than group	159	150	(9)
Maintenance service & supplies	137	203	65
Total operation and maintenance	**3,800**	**3,788**	**(12)**
Depreciation	2,337	2,514	177
Amortization	8	7	(1)
Removal costs	321	349	28
Depreciation and Amortization	**2,666**	**2,870**	**204**
General taxes	871	958	86
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**7,337**	**7,616**	**279**
Operating income (loss)	**3,698**	**3,697**	**1**
OTHER INCOME (EXPENSES)			
Interest net	(1,206)	(1,192)	(15)
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	75	71	4
Allowance for borrowed funds used during construction	32	43	(11)
Amortization of debt expense	(33)	(22)	(11)
Other Net	(9)	(13)	4
Total other income (expenses)	**(1,101)**	**(1,075)**	**(25)**
Income (loss) before income taxes	**2,597**	**2,621**	**(25)**
Provision for income taxes	656	620	(36)
Net income (loss)	**1,941**	**2,002**	**(60)**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Oct 2025		
	MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	12,233	12,026	208
Sewer revenues	153	149	4
Other operating revenues	206	174	32
Operating revenues	**12,592**	**12,349**	**243**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	38	18	(20)
Fuel and Power	499	532	33
Chemicals	557	487	(70)
Waste disposal	49	70	21
Total production costs	**1,142**	**1,106**	**(36)**
Salaries & Wages	858	830	(28)
Pensions	8	8	(0)
Group insurances	159	149	(10)
Other benefits	99	62	(36)
Total employee related	**1,123**	**1,049**	**(75)**
Service Company costs	**1,233**	**1,092**	**(141)**
Contracted services	273	145	(128)
Building maintenance and services	77	76	(1)
Telecommunication expenses	29	30	1
Postage printing and stationery	1	4	3
Office supplies & expenses	27	36	9
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	74	8	(66)
Miscellaneous expenses	62	20	(42)
Rents	4	2	(2)
Transportation	(35)	60	95
Operating supplies & services	**513**	**381**	**(132)**
Uncollectible Accounts Exp	86	41	(46)
Customer accounting other	10	8	(2)
Regulatory expense	29	29	(0)
Insurance other than group	156	150	(6)
Maintenance service & supplies	226	188	(38)
Total operation and maintenance	**4,518**	**4,044**	**(474)**
Depreciation	2,312	2,484	172
Amortization	8	7	(1)
Removal costs	317	346	29
Depreciation and Amortization	**2,637**	**2,837**	**200**
General taxes	880	968	88
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**8,036**	**7,850**	**(186)**
Operating income (loss)	**4,556**	**4,499**	**57**
OTHER INCOME (EXPENSES)			
Interest net	(1,200)	(1,196)	(4)
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	75	66	9
Allowance for borrowed funds used during construction	31	40	(9)
Amortization of debt expense	(33)	(22)	(11)
Other Net	(85)	(13)	(71)
Total other income (expenses)	**(1,171)**	**(1,089)**	**(83)**
Income (loss) before income taxes	**3,385**	**3,410**	**(25)**
Provision for income taxes	798	804	6
Net income (loss)	**2,587**	**2,607**	**(20)**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Sep 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	13,379	12,480	899
Sewer revenues	122	139	(17)
Other operating revenues	211	184	27
Operating revenues	**13,712**	**12,803**	**909**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	47	18	(29)
Fuel and Power	476	485	9
Chemicals	512	460	(52)
Waste disposal	57	71	14
Total production costs	**1,092**	**1,034**	**(58)**
Salaries & Wages	853	839	(13)
Pensions	7	8	0
Group insurances	150	149	(2)
Other benefits	66	64	(2)
Total employee related	**1,076**	**1,060**	**(16)**
Service Company costs	**1,394**	**1,225**	**(168)**
Contracted services	206	180	(25)
Building maintenance and services	72	66	(6)
Telecommunication expenses	26	30	4
Postage printing and stationery	1	4	3
Office supplies & expenses	35	30	(5)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	19	13	(7)
Miscellaneous expenses	115	75	(40)
Rents	7	4	(3)
Transportation	24	94	69
Operating supplies & services	**505**	**496**	**(10)**
Uncollectible Accounts Exp	80	41	(39)
Customer accounting other	9	8	(1)
Regulatory expense	29	29	(0)
Insurance other than group	182	150	(32)
Maintenance service & supplies	191	333	142
Total operation and maintenance	**4,558**	**4,376**	**(182)**
Depreciation	2,316	2,486	169
Amortization	8	7	(1)
Removal costs	313	342	29
Depreciation and Amortization	**2,638**	**2,835**	**197**
General taxes	874	966	92
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**8,070**	**8,178**	**108**
Operating income (loss)	**5,642**	**4,626**	**1,016**
OTHER INCOME (EXPENSES)			
Interest net	(1,167)	(1,173)	6
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	65	82	(17)
Allowance for borrowed funds used during construction	28	50	(22)
Amortization of debt expense	(33)	(22)	(11)
Other Net	(0)	(14)	14
Total other income (expenses)	**(1,067)**	**(1,040)**	**(27)**
Income (loss) before income taxes	**4,575**	**3,586**	**989**
Provision for income taxes	1,123	844	(278)
Net income (loss)	**3,453**	**2,742**	**711**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Aug 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	13,255	12,830	425
Sewer revenues	108	112	(4)
Other operating revenues	229	189	39
Operating revenues	**13,592**	**13,131**	**461**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	33	18	(15)
Fuel and Power	598	482	(116)
Chemicals	452	565	113
Waste disposal	62	75	13
Total production costs	**1,145**	**1,140**	**(5)**
Salaries & Wages	806	750	(56)
Pensions	8	8	(0)
Group insurances	149	145	(4)
Other benefits	77	67	(10)
Total employee related	**1,040**	**970**	**(69)**
Service Company costs	**1,198**	**1,027**	**(171)**
Contracted services	181	118	(63)
Building maintenance and services	151	80	(71)
Telecommunication expenses	24	30	6
Postage printing and stationery	1	5	5
Office supplies & expenses	32	28	(4)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	28	11	(18)
Miscellaneous expenses	50	111	62
Rents	6	3	(3)
Transportation	26	54	28
Operating supplies & services	**499**	**440**	**(59)**
Uncollectible Accounts Exp	141	55	(86)
Customer accounting other	9	8	(1)
Regulatory expense	29	29	(0)
Insurance other than group	148	150	2
Maintenance service & supplies	235	260	25
Total operation and maintenance	**4,443**	**4,080**	**(363)**
Depreciation	2,304	2,466	162
Amortization	8	7	(1)
Removal costs	311	339	28
Depreciation and Amortization	**2,623**	**2,813**	**189**
General taxes	875	963	88
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**7,941**	**7,855**	**(86)**
Operating income (loss)	**5,651**	**5,276**	**375**
OTHER INCOME (EXPENSES)			
Interest net	(1,147)	(1,162)	16
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	57	86	(29)
Allowance for borrowed funds used during construction	24	52	(28)
Amortization of debt expense	(32)	(22)	(11)
Other Net	(8)	(14)	5
Total other income (expenses)	**(1,065)**	**(1,023)**	**(42)**
Income (loss) before income taxes	**4,586**	**4,253**	**333**
Provision for income taxes	1,087	1,000	(87)
Net income (loss)	**3,499**	**3,253**	**246**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Jul 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	12,697	12,726	(29)
Sewer revenues	119	117	2
Other operating revenues	239	179	60
Operating revenues	**13,055**	**13,022**	**33**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	40	18	(22)
Fuel and Power	431	432	0
Chemicals	437	527	89
Waste disposal	53	75	22
Total production costs	**961**	**1,050**	**89**
Salaries & Wages	778	817	39
Pensions	7	8	1
Group insurances	145	145	(0)
Other benefits	69	67	(2)
Total employee related	**999**	**1,037**	**38**
Service Company costs	**1,206**	**1,099**	**(107)**
Contracted services	145	167	21
Building maintenance and services	88	64	(24)
Telecommunication expenses	35	30	(5)
Postage printing and stationery	1	5	4
Office supplies & expenses	33	27	(6)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	17	5	(11)
Miscellaneous expenses	494	77	(417)
Rents	5	2	(3)
Transportation	18	59	41
Operating supplies & services	**837**	**436**	**(401)**
Uncollectible Accounts Exp	120	52	(68)
Customer accounting other	9	8	(0)
Regulatory expense	29	29	(0)
Insurance other than group	146	150	4
Maintenance service & supplies	176	146	(30)
Total operation and maintenance	**4,482**	**4,008**	**(474)**
Depreciation	2,279	2,432	153
Amortization	8	7	(1)
Removal costs	308	336	28
Depreciation and Amortization	**2,595**	**2,775**	**180**
General taxes	(799)	968	1,767
Loss (gain) on sale of assets	-	-	-
Impairment charges	(457)	-	457
Total operating expenses net	**5,821**	**7,751**	**1,929**
Operating income (loss)	**7,234**	**5,272**	**1,962**
OTHER INCOME (EXPENSES)			
Interest net	(1,151)	(1,163)	13
Nonoperating benefit costs, net	40	37	3
Allowance for other funds used during construction	51	70	(19)
Allowance for borrowed funds used during construction	22	43	(21)
Amortization of debt expense	(33)	(22)	(11)
Other Net	(5)	(13)	8
Total other income (expenses)	**(1,075)**	**(1,049)**	**(26)**
Income (loss) before income taxes	**6,159**	**4,223**	**1,936**
Provision for income taxes	1,437	993	(444)
Net income (loss)	**4,722**	**3,230**	**1,492**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Jun 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	11,869	12,359	(490)
Sewer revenues	102	118	(15)
Other operating revenues	213	181	32
Operating revenues	**12,184**	**12,657**	**(473)**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	26	32	6
Fuel and Power	408	475	67
Chemicals	454	515	61
Waste disposal	80	74	(6)
Total production costs	**968**	**1,096**	**128**
Salaries & Wages	791	793	1
Pensions	9	8	(1)
Group insurances	143	145	2
Other benefits	58	65	7
Total employee related	**1,001**	**1,011**	**9**
Service Company costs	**1,416**	**1,272**	**(144)**
Contracted services	190	199	9
Building maintenance and services	72	59	(12)
Telecommunication expenses	24	30	6
Postage printing and stationery	1	4	4
Office supplies & expenses	23	26	4
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	35	11	(23)
Miscellaneous expenses	46	66	19
Rents	8	3	(5)
Transportation	56	79	22
Operating supplies & services	**455**	**478**	**23**
Uncollectible Accounts Exp	102	51	(51)
Customer accounting other	8	8	0
Regulatory expense	29	29	(0)
Insurance other than group	146	150	5
Maintenance service & supplies	197	197	(0)
Total operation and maintenance	**4,322**	**4,291**	**(31)**
Depreciation	2,260	2,403	143
Amortization	8	7	(1)
Removal costs	309	331	22
Depreciation and Amortization	**2,578**	**2,741**	**163**
General taxes	914	964	49
Loss (gain) on sale of assets	-	-	-
Impairment charges	457	-	(457)
Total operating expenses net	**8,270**	**7,996**	**(275)**
Operating income (loss)	**3,914**	**4,662**	**(748)**
OTHER INCOME (EXPENSES)			
Interest net	(1,141)	(1,144)	4
Nonoperating benefit costs, net	26	37	(11)
Allowance for other funds used during construction	47	77	(30)
Allowance for borrowed funds used during construction	20	47	(27)
Amortization of debt expense	(32)	(22)	(10)
Other Net	(18)	(13)	(4)
Total other income (expenses)	**(1,097)**	**(1,018)**	**(79)**
Income (loss) before income taxes	**2,817**	**3,644**	**(827)**
Provision for income taxes	713	858	145
Net income (loss)	**2,104**	**2,786**	**(681)**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - May 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	11,562	11,892	(330)
Sewer revenues	102	120	(18)
Other operating revenues	208	184	25
Operating revenues	**11,873**	**12,195**	**(323)**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	29	32	3
Fuel and Power	419	609	190
Chemicals	354	439	84
Waste disposal	80	69	(11)
Total production costs	**882**	**1,148**	**266**
Salaries & Wages	776	784	8
Pensions	7	8	1
Group insurances	147	145	(1)
Other benefits	79	70	(8)
Total employee related	**1,008**	**1,007**	**(2)**
Service Company costs	**1,196**	**1,062**	**(134)**
Contracted services	220	136	(84)
Building maintenance and services	127	65	(62)
Telecommunication expenses	24	30	6
Postage printing and stationery	1	4	3
Office supplies & expenses	34	26	(8)
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	29	11	(19)
Miscellaneous expenses	(48)	61	109
Rents	5	4	(1)
Transportation	109	73	(36)
Operating supplies & services	**500**	**410**	**(90)**
Uncollectible Accounts Exp	116	74	(42)
Customer accounting other	9	8	(1)
Regulatory expense	29	29	(0)
Insurance other than group	148	150	2
Maintenance service & supplies	310	144	(166)
Total operation and maintenance	**4,200**	**4,032**	**(168)**
Depreciation	2,235	2,383	148
Amortization	8	7	(1)
Removal costs	307	328	21
Depreciation and Amortization	**2,550**	**2,718**	**168**
General taxes	916	966	50
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**7,666**	**7,716**	**50**
Operating income (loss)	**4,207**	**4,479**	**(272)**
OTHER INCOME (EXPENSES)			
Interest net	(1,138)	(1,139)	1
Nonoperating benefit costs, net	48	37	11
Allowance for other funds used during construction	52	74	(22)
Allowance for borrowed funds used during construction	22	45	(23)
Amortization of debt expense	(32)	(22)	(10)
Other Net	(13)	(13)	1
Total other income (expenses)	**(1,061)**	**(1,018)**	**(43)**
Income (loss) before income taxes	**3,146**	**3,461**	**(315)**
Provision for income taxes	736	815	80
Net income (loss)	**2,410**	**2,646**	**(236)**

KENTUCKY AMERICAN WATER

$ in '000s	Statement of Income - Apr 2025 MTD Actuals	MTD Budget	Fav / (Unfav)
OPERATING REVENUES			
Water revenues	10,684	10,926	(242)
Sewer revenues	92	112	(20)
Other operating revenues	180	149	32
Operating revenues	**10,956**	**11,186**	**(230)**
OPERATIONS & MAINTENANCE EXPENSE			
Purchased water	32	32	(1)
Fuel and Power	380	458	78
Chemicals	307	425	119
Waste disposal	82	61	(21)
Total production costs	**801**	**976**	**175**
Salaries & Wages	762	784	21
Pensions	7	8	0
Group insurances	129	145	16
Other benefits	68	64	(5)
Total employee related	**967**	**1,000**	**33**
Service Company costs	**1,141**	**1,077**	**(64)**
Contracted services	154	80	(74)
Building maintenance and services	70	62	(8)
Telecommunication expenses	28	30	2
Postage printing and stationery	1	4	3
Office supplies & expenses	7	30	23
Advertising & marketing expenses	-	-	-
Employee related expense travel & entertainment	6	5	(2)
Miscellaneous expenses	176	62	(114)
Rents	6	6	(1)
Transportation	45	66	21
Operating supplies & services	**494**	**345**	**(149)**
Uncollectible Accounts Exp	92	43	(49)
Customer accounting other	9	8	(1)
Regulatory expense	29	29	(0)
Insurance other than group	145	150	5
Maintenance service & supplies	228	114	(114)
Total operation and maintenance	**3,905**	**3,743**	**(162)**
Depreciation	2,214	2,364	150
Amortization	8	7	(1)
Removal costs	304	325	21
Depreciation and Amortization	**2,526**	**2,697**	**171**
General taxes	916	966	50
Loss (gain) on sale of assets	-	-	-
Impairment charges	-	-	-
Total operating expenses net	**7,347**	**7,406**	**59**
Operating income (loss)	**3,609**	**3,780**	**(171)**
OTHER INCOME (EXPENSES)			
Interest net	(1,117)	(1,140)	23
Nonoperating benefit costs, net	48	37	11
Allowance for other funds used during construction	54	59	(4)
Allowance for borrowed funds used during construction	23	35	(12)
Amortization of debt expense	(32)	(22)	(10)
Other Net	(6)	(13)	7
Total other income (expenses)	**(1,030)**	**(1,044)**	**14**
Income (loss) before income taxes	**2,579**	**2,737**	**(158)**
Provision for income taxes	618	647	29
Net income (loss)	**1,961**	**2,090**	**(129)**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 31

Description of Filing Requirement:

Monthly budget variance reports for 12 months pre-base period, with narrative, and as available, for base period and subsequent months.

Response:

Please see attached documents monthly budget variance reports for period September 2024 through March 2026.

For the electronic version, see KAW_APP_EX31_051526.pdf.

KENTUCKY AMERICAN WATER

Statement of Income - Sep 2024

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,257	11,917	(660)	Unfav. rate case outcome / Increased demand
Sewer revenues	114	102	12	
Other operating revenues	163	204	(41)	
Operating revenues	**11,534**	**12,223**	**(689)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	26	32	6	
Fuel and Power	498	537	39	
Chemicals	376	488	112	Primarily driven by pricing
Waste disposal	64	64	0	
Total production costs	**964**	**1,121**	**157**	
Salaries & Wages	750	730	(20)	
Pensions	9	9	(0)	
Group insurances	121	137	16	
Other benefits	52	49	(3)	
Total employee related	**932**	**925**	**(7)**	
Service Company costs	**1,194**	**1,057**	**(136)**	
Contracted services	180	96	(83)	Legal fees / Line locates profiling
Building maintenance and services	125	49	(76)	Groundskeeping / Hurricane damage repairs
Telecommunication expenses	23	21	(2)	
Postage printing and stationery	1	1	(0)	
Office supplies & expenses	3	18	15	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	28	4	(24)	
Miscellaneous expenses	5	38	33	
Rents	0	3	2	
Transportation	42	49	7	
Operating supplies & services	**407**	**278**	**(128)**	
Uncollectible Accounts Exp	49	47	(2)	
Customer accounting other	10	47	38	
Regulatory expense	29	56	27	
Insurance other than group	137	135	(2)	
Maintenance service & supplies	205	168	(37)	
Total operation and maintenance	**3,926**	**3,835**	**(91)**	
Depreciation	2,035	2,232	197	In-service timing
Amortization	8	7	(1)	
Removal costs	281	299	19	
Depreciation and Amortization	**2,324**	**2,539**	**214**	
General taxes	877	876	(1)	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,127**	**7,250**	**123**	
Operating income (loss)	**4,407**	**4,973**	**(567)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,051)	(1,081)	30	
Nonoperating benefit costs, net	53	76	(23)	
Allowance for other funds used during construction	91	139	(48)	
Allowance for borrowed funds used during construction	35	78	(43)	
Amortization of debt expense	(32)	(32)	0	
Other Net	(12)	(30)	18	
Total other income (expenses)	**(917)**	**(851)**	**(67)**	
Income (loss) before income taxes	**3,490**	**4,123**	**(633)**	
Provision for income taxes	844	970	126	
Net income (loss)	**2,645**	**3,153**	**(507)**	

KENTUCKY AMERICAN WATER

Statement of Income - Oct 2024

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,414	11,290	124	Unfav. rate case outcome / Increased demand
Sewer revenues	126	105	21	
Other operating revenues	126	184	(58)	
Operating revenues	**11,666**	**11,579**	**87**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	30	32	2	
Fuel and Power	445	486	41	
Chemicals	453	381	(73)	Add'l treatments at reservior due to WQ
Waste disposal	73	58	(16)	
Total production costs	**1,002**	**956**	**(46)**	
Salaries & Wages	764	743	(21)	
Pensions	9	9	(1)	
Group insurances	143	136	(7)	
Other benefits	61	52	(9)	
Total employee related	**977**	**940**	**(37)**	
Service Company costs	**1,015**	**965**	**(50)**	
Contracted services	254	88	(166)	Property tax protest fees / Legal fees / Line locates profiling
Building maintenance and services	90	61	(29)	
Telecommunication expenses	22	19	(3)	
Postage printing and stationery	2	2	(0)	
Office supplies & expenses	14	22	8	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	10	4	(6)	
Miscellaneous expenses	81	53	(29)	
Rents	2	1	(1)	
Transportation	37	53	16	
Operating supplies & services	**513**	**302**	**(211)**	
Uncollectible Accounts Exp	29	45	16	
Customer accounting other	7	47	40	
Regulatory expense	29	56	27	
Insurance other than group	143	135	(8)	
Maintenance service & supplies	287	176	(112)	Production maintenance / Painting / Incline car maintenance
Total operation and maintenance	**4,003**	**3,622**	**(381)**	
Depreciation	2,064	2,248	184	In-service timing
Amortization	8	7	(1)	
Removal costs	285	302	17	
Depreciation and Amortization	**2,358**	**2,556**	**199**	
General taxes	883	888	5	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,243**	**7,066**	**(176)**	
Operating income (loss)	**4,424**	**4,513**	**(89)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,040)	(1,070)	30	
Nonoperating benefit costs, net	53	76	(23)	
Allowance for other funds used during construction	112	138	(26)	
Allowance for borrowed funds used during construction	43	77	(35)	
Amortization of debt expense	(32)	(32)	0	
Other Net	(87)	(30)	(57)	
Total other income (expenses)	**(952)**	**(842)**	**(110)**	
Income (loss) before income taxes	**3,472**	**3,671**	**(199)**	
Provision for income taxes	807	864	57	
Net income (loss)	**2,665**	**2,807**	**(142)**	

KENTUCKY AMERICAN WATER

Statement of Income - Nov 2024

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	9,964	10,212	(248)	Unfav. 11/06 order / Increased demand
Sewer revenues	88	103	(15)	
Other operating revenues	101	186	(85)	
Operating revenues	**10,153**	**10,501**	**(348)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	31	32	1	
Fuel and Power	413	465	52	
Chemicals	283	344	61	
Waste disposal	246	59	(187)	Accrual true-up
Total production costs	**974**	**901**	**(73)**	
Salaries & Wages	708	691	(18)	
Pensions	9	9	(1)	
Group insurances	128	136	8	
Other benefits	56	56	(0)	
Total employee related	**901**	**890**	**(11)**	
Service Company costs	**1,027**	**906**	**(122)**	Driven by cyber security event
Contracted services	96	87	(8)	
Building maintenance and services	49	79	30	
Telecommunication expenses	28	19	(9)	
Postage printing and stationery	2	1	(1)	
Office supplies & expenses	24	20	(5)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	7	4	(3)	
Miscellaneous expenses	163	43	(120)	True-up driven by system inputs on scrap
Rents	11	2	(9)	
Transportation	37	60	23	
Operating supplies & services	**417**	**315**	**(102)**	
Uncollectible Accounts Exp	47	41	(6)	
Customer accounting other	12	47	35	
Regulatory expense	29	56	27	
Insurance other than group	138	135	(3)	
Maintenance service & supplies	211	207	(4)	
Total operation and maintenance	**3,755**	**3,497**	**(258)**	
Depreciation	2,092	2,258	166	In-service timing
Amortization	8	7	(1)	
Removal costs	288	303	15	
Depreciation and Amortization	**2,388**	**2,568**	**180**	
General taxes	877	876	(0)	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,020**	**6,941**	**(78)**	
Operating income (loss)	**3,133**	**3,560**	**(427)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,058)	(1,069)	10	
Nonoperating benefit costs, net	53	76	(23)	
Allowance for other funds used during construction	123	142	(18)	
Allowance for borrowed funds used during construction	47	80	(32)	
Amortization of debt expense	(32)	(32)	0	
Other Net	(6)	(30)	24	
Total other income (expenses)	**(874)**	**(834)**	**(39)**	
Income (loss) before income taxes	**2,260**	**2,726**	**(466)**	
Provision for income taxes	496	641	145	
Net income (loss)	**1,763**	**2,085**	**(321)**	

KENTUCKY AMERICAN WATER

Statement of Income - Dec 2024

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	10,245	10,335	(90)	Unfav. rate case outcome / Increased demand / Accrual
Sewer revenues	123	102	21	
Other operating revenues	179	195	(16)	
Operating revenues	**10,547**	**10,632**	**(85)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	33	32	(1)	
Fuel and Power	500	402	(98)	Transfer pump used
Chemicals	391	323	(68)	
Waste disposal	64	61	(3)	
Total production costs	**988**	**819**	**(169)**	
Salaries & Wages	777	763	(15)	
Pensions	9	9	(0)	
Group insurances	168	136	(33)	
Other benefits	74	61	(13)	
Total employee related	**1,028**	**967**	**(61)**	
Service Company costs	**1,381**	**1,055**	**(326)**	Driven by cyber security event
Contracted services	130	535	405	Profiling of line locates
Building maintenance and services	337	65	(272)	Add'l security (personnel related)
Telecommunication expenses	37	39	2	
Postage printing and stationery	0	1	1	
Office supplies & expenses	22	(17)	(39)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	21	9	(12)	
Miscellaneous expenses	168	(208)	(376)	NAWC fees / CWIP adjustment / Use tax reclass
Rents	4	1	(3)	
Transportation	38	52	14	
Operating supplies & services	**757**	**477**	**(280)**	
Uncollectible Accounts Exp	125	41	(84)	Late fees paused in Oct/Nov due to cyber security event
Customer accounting other	10	47	37	
Regulatory expense	29	56	27	
Insurance other than group	222	135	(88)	Reserve true-up
Maintenance service & supplies	258	254	(5)	
Total operation and maintenance	**4,800**	**3,851**	**(949)**	
Depreciation	2,560	2,269	(291)	Reserve balance true-up
Amortization	8	7	(1)	
Removal costs	300	304	4	
Depreciation and Amortization	**2,867**	**2,579**	**(288)**	
General taxes	(630)	878	1,508	2022 property tax protest settlement
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,037**	**7,308**	**271**	
Operating income (loss)	**3,510**	**3,324**	**186**	
OTHER INCOME (EXPENSES)				
Interest net	(1,082)	(1,078)	(4)	
Nonoperating benefit costs, net	53	76	(23)	
Allowance for other funds used during construction	153	137	16	
Allowance for borrowed funds used during construction	59	77	(19)	
Amortization of debt expense	(32)	(32)	0	
Other Net	(10)	(32)	22	
Total other income (expenses)	**(859)**	**(851)**	**(7)**	
Income (loss) before income taxes	**2,651**	**2,473**	**179**	
Provision for income taxes	1,156	582	(574)	
Net income (loss)	**1,496**	**1,891**	**(395)**	

KENTUCKY AMERICAN WATER

Statement of Income - Jan 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,108	10,892	216	Underaccrual of prior month
Sewer revenues	105	104	1	
Other operating revenues	194	159	35	
Operating revenues	**11,407**	**11,155**	**252**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	27	32	5	
Fuel and Power	448	613	165	Overaccrual of prior month
Chemicals	324	436	112	Overaccrual of prior month
Waste disposal	63	62	(1)	
Total production costs	**862**	**1,143**	**281**	
Salaries & Wages	796	816	21	
Pensions	7	8	0	
Group insurances	153	157	4	
Other benefits	63	65	2	
Total employee related	**1,019**	**1,046**	**27**	
Service Company costs	**1,197**	**1,134**	**(63)**	
Contracted services	132	115	(17)	
Building maintenance and services	116	68	(48)	
Telecommunication expenses	25	30	5	
Postage printing and stationery	3	5	2	
Office supplies & expenses	30	21	(10)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	10	4	(6)	
Miscellaneous expenses	70	66	(4)	
Rents	4	4	(0)	
Transportation	26	77	51	
Operating supplies & services	**415**	**389**	**(26)**	
Uncollectible Accounts Exp	139	56	(83)	Annual reserve rate update
Customer accounting other	7	8	1	
Regulatory expense	29	29	(0)	
Insurance other than group	137	150	13	
Maintenance service & supplies	232	65	(166)	Budget profiling / Millersburg pump maint / RRS wash water pump
Total operation and maintenance	**4,037**	**4,020**	**(17)**	
Depreciation	2,167	2,323	155	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	292	318	26	
Depreciation and Amortization	**2,467**	**2,648**	**181**	
General taxes	926	976	50	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,430**	**7,644**	**214**	
Operating income (loss)	**3,978**	**3,511**	**466**	
OTHER INCOME (EXPENSES)				
Interest net	(1,106)	(1,160)	54	
Nonoperating benefit costs, net	48	37	11	
Allowance for other funds used during construction	179	48	132	In-service timing
Allowance for borrowed funds used during construction	68	29	40	
Amortization of debt expense	(32)	(22)	(10)	
Other Net	0	(14)	14	
Total other income (expenses)	**(842)**	**(1,082)**	**240**	
Income (loss) before income taxes	**3,136**	**2,429**	**707**	
Provision for income taxes	730	575	(156)	
Net income (loss)	**2,405**	**1,854**	**551**	

KENTUCKY AMERICAN WATER

Statement of Income - Feb 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	10,251	10,306	(55)	Unfav. Rates / Fav. Demand
Sewer revenues	117	98	18	
Other operating revenues	192	148	44	
Operating revenues	**10,560**	**10,552**	**7**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	39	32	(8)	
Fuel and Power	393	368	(25)	
Chemicals	391	356	(35)	Underaccrual in prior month / Timing of reservoir treatments
Waste disposal	53	56	3	
Total production costs	**877**	**811**	**(65)**	
Salaries & Wages	754	716	(38)	
Pensions	7	8	1	
Group insurances	134	145	11	
Other benefits	70	63	(7)	
Total employee related	**966**	**932**	**(33)**	
Service Company costs	**1,198**	**1,057**	**(141)**	Transfers from affiliates to SC / Cybersecurity event response
Contracted services	124	144	20	
Building maintenance and services	80	80	(1)	
Telecommunication expenses	22	30	9	
Postage printing and stationery	1	4	2	
Office supplies & expenses	30	25	(4)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	7	10	3	
Miscellaneous expenses	117	71	(46)	
Rents	3	3	0	
Transportation	73	82	9	
Operating supplies & services	**457**	**449**	**(8)**	
Uncollectible Accounts Exp	57	29	(27)	
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	150	150	0	
Maintenance service & supplies	193	197	5	
Total operation and maintenance	**3,935**	**3,664**	**(271)**	
Depreciation	2,167	2,335	168	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	294	320	26	
Depreciation and Amortization	**2,470**	**2,662**	**193**	
General taxes	897	970	73	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,301**	**7,296**	**(5)**	
Operating income (loss)	**3,258**	**3,256**	**2**	
OTHER INCOME (EXPENSES)				
Interest net	(1,108)	(1,152)	44	
Nonoperating benefit costs, net	48	37	11	
Allowance for other funds used during construction	130	57	73	
Allowance for borrowed funds used during construction	55	34	21	
Amortization of debt expense	(30)	(21)	(9)	
Other Net	(14)	(14)	(1)	
Total other income (expenses)	**(919)**	**(1,059)**	**140**	
Income (loss) before income taxes	**2,339**	**2,197**	**142**	
Provision for income taxes	547	521	(26)	
Net income (loss)	**1,792**	**1,676**	**116**	

KENTUCKY AMERICAN WATER

Statement of Income - Mar 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	10,758	10,872	(113)	Unfav. Rates / Fav. Demand
Sewer revenues	123	108	15	
Other operating revenues	202	176	27	
Operating revenues	**11,084**	**11,156**	**(72)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	30	32	2	
Fuel and Power	551	469	(82)	Underaccrual in prior month
Chemicals	311	439	128	Timing of reservoir treatments
Waste disposal	82	61	(21)	
Total production costs	**974**	**1,001**	**27**	
Salaries & Wages	771	791	21	
Pensions	7	8	1	
Group insurances	144	145	1	
Other benefits	58	59	1	
Total employee related	**979**	**1,003**	**24**	
Service Company costs	**1,437**	**1,498**	**61**	
Contracted services	148	138	(10)	
Building maintenance and services	93	71	(22)	
Telecommunication expenses	27	30	3	
Postage printing and stationery	1	4	2	
Office supplies & expenses	22	27	5	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	25	11	(15)	
Miscellaneous expenses	78	82	4	
Rents	14	2	(12)	
Transportation	33	67	34	
Operating supplies & services	**442**	**432**	**(9)**	
Uncollectible Accounts Exp	98	65	(33)	
Customer accounting other	9	8	(0)	
Regulatory expense	(91)	29	120	Adjustment to previously written off expense
Insurance other than group	145	150	6	
Maintenance service & supplies	230	206	(23)	
Total operation and maintenance	**4,222**	**4,393**	**171**	
Depreciation	2,186	2,346	161	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	298	321	23	
Depreciation and Amortization	**2,492**	**2,675**	**183**	
General taxes	(478)	974	1,452	2023 Property Tax true up related to change in legislation
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**6,235**	**8,042**	**1,806**	
Operating income (loss)	**4,849**	**3,114**	**1,735**	
OTHER INCOME (EXPENSES)				
Interest net	(1,120)	(1,169)	49	
Nonoperating benefit costs, net	48	37	11	
Allowance for other funds used during construction	(37)	59	(96)	In-service timing
Allowance for borrowed funds used during construction	26	36	(9)	
Amortization of debt expense	(35)	(22)	(13)	
Other Net	0	(14)	14	
Total other income (expenses)	**(1,117)**	**(1,073)**	**(44)**	
Income (loss) before income taxes	**3,732**	**2,042**	**1,690**	
Provision for income taxes	916	485	(431)	
Net income (loss)	**2,816**	**1,557**	**1,259**	

KENTUCKY AMERICAN WATER

Statement of Income - Apr 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	10,684	10,926	(242)	Unfav. Rates
Sewer revenues	92	112	(20)	
Other operating revenues	180	149	32	
Operating revenues	**10,956**	**11,186**	**(230)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	32	32	(1)	
Fuel and Power	380	458	78	Transfer pump not utilized due to high rainfall
Chemicals	307	425	119	Water quality required fewer reservior treatments
Waste disposal	82	61	(21)	
Total production costs	**801**	**976**	**175**	
Salaries & Wages	762	784	21	
Pensions	7	8	0	
Group insurances	129	145	16	
Other benefits	68	64	(5)	
Total employee related	**967**	**1,000**	**33**	
Service Company costs	**1,141**	**1,077**	**(64)**	
Contracted services	154	80	(74)	Temporary labor / Property Tax Cost of Cap study for protest
Building maintenance and services	70	62	(8)	
Telecommunication expenses	28	30	2	
Postage printing and stationery	1	4	3	
Office supplies & expenses	7	30	23	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	6	5	(2)	
Miscellaneous expenses	176	62	(114)	Equipment expensed (to be capitalized in May)
Rents	6	6	(1)	
Transportation	45	66	21	
Operating supplies & services	**494**	**345**	**(149)**	
Uncollectible Accounts Exp	92	43	(49)	Increase in balances over 150+ days
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	145	150	5	
Maintenance service & supplies	228	114	(114)	Incline car repairs / Profiling
Total operation and maintenance	**3,905**	**3,743**	**(162)**	
Depreciation	2,214	2,364	150	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	304	325	21	
Depreciation and Amortization	**2,526**	**2,697**	**171**	
General taxes	916	966	50	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,347**	**7,406**	**59**	
Operating income (loss)	**3,609**	**3,780**	**(171)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,117)	(1,140)	23	
Nonoperating benefit costs, net	48	37	11	
Allowance for other funds used during construction	54	59	(4)	
Allowance for borrowed funds used during construction	23	35	(12)	
Amortization of debt expense	(32)	(22)	(10)	
Other Net	(6)	(13)	7	
Total other income (expenses)	**(1,030)**	**(1,044)**	**14**	
Income (loss) before income taxes	**2,579**	**2,737**	**(158)**	
Provision for income taxes	618	647	29	
Net income (loss)	**1,961**	**2,090**	**(129)**	

KENTUCKY AMERICAN WATER

Statement of Income - May 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,562	11,892	(330)	Unfav. Rates & Demand
Sewer revenues	102	120	(18)	
Other operating revenues	208	184	25	
Operating revenues	**11,873**	**12,195**	**(323)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	29	32	3	
Fuel and Power	419	609	190	Transfer pump not utilized due to high rainfall
Chemicals	354	439	84	Price fav.
Waste disposal	80	69	(11)	
Total production costs	**882**	**1,148**	**266**	
Salaries & Wages	776	784	8	
Pensions	7	8	1	
Group insurances	147	145	(1)	
Other benefits	79	70	(8)	
Total employee related	**1,008**	**1,007**	**(2)**	
Service Company costs	**1,196**	**1,062**	**(134)**	
Contracted services	220	136	(84)	Temporary labor / Water Quality instrument calibration
Building maintenance and services	127	65	(62)	Delayed receipt of landscaping invoices
Telecommunication expenses	24	30	6	
Postage printing and stationery	1	4	3	
Office supplies & expenses	34	26	(8)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	29	11	(19)	
Miscellaneous expenses	(48)	61	109	Equipment reclassed to capital from April 2025
Rents	5	4	(1)	
Transportation	109	73	(36)	
Operating supplies & services	**500**	**410**	**(90)**	
Uncollectible Accounts Exp	116	74	(42)	
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	148	150	2	
Maintenance service & supplies	310	144	(166)	Preventative maintenance / Voltage switchgear cleaning / Paving
Total operation and maintenance	**4,200**	**4,032**	**(168)**	
Depreciation	2,235	2,383	148	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	307	328	21	
Depreciation and Amortization	**2,550**	**2,718**	**168**	
General taxes	916	966	50	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,666**	**7,716**	**50**	
Operating income (loss)	**4,207**	**4,479**	**(272)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,138)	(1,139)	1	
Nonoperating benefit costs, net	48	37	11	
Allowance for other funds used during construction	52	74	(22)	
Allowance for borrowed funds used during construction	22	45	(23)	
Amortization of debt expense	(32)	(22)	(10)	
Other Net	(13)	(13)	1	
Total other income (expenses)	**(1,061)**	**(1,018)**	**(43)**	
Income (loss) before income taxes	**3,146**	**3,461**	**(315)**	
Provision for income taxes	736	815	80	
Net income (loss)	**2,410**	**2,646**	**(236)**	

KENTUCKY AMERICAN WATER

Statement of Income - Jun 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,869	12,359	(490)	Unfav. Rates & Weather
Sewer revenues	102	118	(15)	
Other operating revenues	213	181	32	
Operating revenues	**12,184**	**12,657**	**(473)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	26	32	6	
Fuel and Power	408	475	67	
Chemicals	454	515	61	
Waste disposal	80	74	(6)	
Total production costs	**968**	**1,096**	**128**	
Salaries & Wages	791	793	1	
Pensions	9	8	(1)	
Group insurances	143	145	2	
Other benefits	58	65	7	
Total employee related	**1,001**	**1,011**	**9**	
Service Company costs	**1,416**	**1,272**	**(144)**	
Contracted services	190	199	9	
Building maintenance and services	72	59	(12)	
Telecommunication expenses	24	30	6	
Postage printing and stationery	1	4	4	
Office supplies & expenses	23	26	4	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	35	11	(23)	
Miscellaneous expenses	46	66	19	
Rents	8	3	(5)	
Transportation	56	79	22	
Operating supplies & services	**455**	**478**	**23**	
Uncollectible Accounts Exp	102	51	(51)	
Customer accounting other	8	8	0	
Regulatory expense	29	29	(0)	
Insurance other than group	146	150	5	
Maintenance service & supplies	197	197	(0)	
Total operation and maintenance	**4,322**	**4,291**	**(31)**	
Depreciation	2,260	2,403	143	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	309	331	22	
Depreciation and Amortization	**2,578**	**2,741**	**163**	
General taxes	914	964	49	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	457	-	(457)	Write off (to be reclassed in July)
Total operating expenses net	**8,270**	**7,996**	**(275)**	
Operating income (loss)	**3,914**	**4,662**	**(748)**	
OTHER INCOME (EXPENSES)				
Interest net	(1,141)	(1,144)	4	
Nonoperating benefit costs, net	26	37	(11)	
Allowance for other funds used during construction	47	77	(30)	
Allowance for borrowed funds used during construction	20	47	(27)	
Amortization of debt expense	(32)	(22)	(10)	
Other Net	(18)	(13)	(4)	
Total other income (expenses)	**(1,097)**	**(1,018)**	**(79)**	
Income (loss) before income taxes	**2,817**	**3,644**	**(827)**	
Provision for income taxes	713	858	145	
Net income (loss)	**2,104**	**2,786**	**(681)**	

KENTUCKY AMERICAN WATER

Statement of Income - Jul 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	12,697	12,726	(29)	Unfav. Rates offset by Demand
Sewer revenues	119	117	2	
Other operating revenues	239	179	60	
Operating revenues	**13,055**	**13,022**	**33**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	40	18	(22)	
Fuel and Power	431	432	0	
Chemicals	437	527	89	No reservoir treatments due to water quality
Waste disposal	53	75	22	
Total production costs	**961**	**1,050**	**89**	
Salaries & Wages	778	817	39	
Pensions	7	8	1	
Group insurances	145	145	(0)	
Other benefits	69	67	(2)	
Total employee related	**999**	**1,037**	**38**	
Service Company costs	**1,206**	**1,099**	**(107)**	
Contracted services	145	167	21	
Building maintenance and services	88	64	(24)	
Telecommunication expenses	35	30	(5)	
Postage printing and stationery	1	5	4	
Office supplies & expenses	33	27	(6)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	17	5	(11)	
Miscellaneous expenses	494	77	(417)	Write off reclassed from Impariment Charges
Rents	5	2	(3)	
Transportation	18	59	41	
Operating supplies & services	**837**	**436**	**(401)**	
Uncollectible Accounts Exp	120	52	(68)	
Customer accounting other	9	8	(0)	
Regulatory expense	29	29	(0)	
Insurance other than group	146	150	4	
Maintenance service & supplies	176	146	(30)	
Total operation and maintenance	**4,482**	**4,008**	**(474)**	
Depreciation	2,279	2,432	153	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	308	336	28	
Depreciation and Amortization	**2,595**	**2,775**	**180**	
General taxes	(799)	968	1,767	Property tax true up (change in classification of transmission mains)
Loss (gain) on sale of assets	-	-	-	
Impairment charges	(457)	-	457	Write off reclassed to Miscellaneous Expense
Total operating expenses net	**5,821**	**7,751**	**1,929**	
Operating income (loss)	**7,234**	**5,272**	**1,962**	
OTHER INCOME (EXPENSES)				
Interest net	(1,151)	(1,163)	13	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	51	70	(19)	
Allowance for borrowed funds used during construction	22	43	(21)	
Amortization of debt expense	(33)	(22)	(11)	
Other Net	(5)	(13)	8	
Total other income (expenses)	**(1,075)**	**(1,049)**	**(26)**	
Income (loss) before income taxes	**6,159**	**4,223**	**1,936**	
Provision for income taxes	1,437	993	(444)	
Net income (loss)	**4,722**	**3,230**	**1,492**	

KENTUCKY AMERICAN WATER

Statement of Income - Aug 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	13,255	12,830	425	Unfav. Rates offset by Demand & Weather
Sewer revenues	108	112	(4)	
Other operating revenues	229	189	39	
Operating revenues	**13,592**	**13,131**	**461**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	33	18	(15)	
Fuel and Power	598	482	(116)	Utilized transfer pump due to water quality at reservoir
Chemicals	452	565	113	Pricing fav.
Waste disposal	62	75	13	
Total production costs	**1,145**	**1,140**	**(5)**	
Salaries & Wages	806	750	(56)	
Pensions	8	8	(0)	
Group insurances	149	145	(4)	
Other benefits	77	67	(10)	
Total employee related	**1,040**	**970**	**(69)**	
Service Company costs	**1,198**	**1,027**	**(171)**	
Contracted services	181	118	(63)	
Building maintenance and services	151	80	(71)	Groundskeeping / Additional security
Telecommunication expenses	24	30	6	
Postage printing and stationery	1	5	5	
Office supplies & expenses	32	28	(4)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	28	11	(18)	
Miscellaneous expenses	50	111	62	
Rents	6	3	(3)	
Transportation	26	54	28	
Operating supplies & services	**499**	**440**	**(59)**	
Uncollectible Accounts Exp	141	55	(86)	Increase in write offs and balances over 150+ days
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	148	150	2	
Maintenance service & supplies	235	260	25	
Total operation and maintenance	**4,443**	**4,080**	**(363)**	
Depreciation	2,304	2,466	162	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	311	339	28	
Depreciation and Amortization	**2,623**	**2,813**	**189**	
General taxes	875	963	88	Property tax true up
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,941**	**7,855**	**(86)**	
Operating income (loss)	**5,651**	**5,276**	**375**	
OTHER INCOME (EXPENSES)				
Interest net	(1,147)	(1,162)	16	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	57	86	(29)	
Allowance for borrowed funds used during construction	24	52	(28)	
Amortization of debt expense	(32)	(22)	(11)	
Other Net	(8)	(14)	5	
Total other income (expenses)	**(1,065)**	**(1,023)**	**(42)**	
Income (loss) before income taxes	**4,586**	**4,253**	**333**	
Provision for income taxes	1,087	1,000	(87)	
Net income (loss)	**3,499**	**3,253**	**246**	

KENTUCKY AMERICAN WATER

Statement of Income - Sep 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	13,379	12,480	899	Unfav. Rates offset by Demand
Sewer revenues	122	139	(17)	
Other operating revenues	211	184	27	
Operating revenues	**13,712**	**12,803**	**909**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	47	18	(29)	
Fuel and Power	476	485	9	
Chemicals	512	460	(52)	
Waste disposal	57	71	14	
Total production costs	**1,092**	**1,034**	**(58)**	
Salaries & Wages	853	839	(13)	
Pensions	7	8	0	
Group insurances	150	149	(2)	
Other benefits	66	64	(2)	
Total employee related	**1,076**	**1,060**	**(16)**	
Service Company costs	**1,394**	**1,225**	**(168)**	
Contracted services	206	180	(25)	
Building maintenance and services	72	66	(6)	
Telecommunication expenses	26	30	4	
Postage printing and stationery	1	4	3	
Office supplies & expenses	35	30	(5)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	19	13	(7)	
Miscellaneous expenses	115	75	(40)	
Rents	7	4	(3)	
Transportation	24	94	69	
Operating supplies & services	**505**	**496**	**(10)**	
Uncollectible Accounts Exp	80	41	(39)	
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	182	150	(32)	
Maintenance service & supplies	191	333	142	Profiling
Total operation and maintenance	**4,558**	**4,376**	**(182)**	
Depreciation	2,316	2,486	169	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	313	342	29	
Depreciation and Amortization	**2,638**	**2,835**	**197**	
General taxes	874	966	92	Property Tax true up
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**8,070**	**8,178**	**108**	
Operating income (loss)	**5,642**	**4,626**	**1,016**	
OTHER INCOME (EXPENSES)				
Interest net	(1,167)	(1,173)	6	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	65	82	(17)	
Allowance for borrowed funds used during construction	28	50	(22)	
Amortization of debt expense	(33)	(22)	(11)	
Other Net	(0)	(14)	14	
Total other income (expenses)	**(1,067)**	**(1,040)**	**(27)**	
Income (loss) before income taxes	**4,575**	**3,586**	**989**	
Provision for income taxes	1,123	844	(278)	
Net income (loss)	**3,453**	**2,742**	**711**	

KENTUCKY AMERICAN WATER

Statement of Income - Oct 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	12,233	12,026	208	SFR bill timing
Sewer revenues	153	149	4	
Other operating revenues	206	174	32	
Operating revenues	**12,592**	**12,349**	**243**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	38	18	(20)	
Fuel and Power	499	532	33	
Chemicals	557	487	(70)	Additional reservoir treatments required due to water quality
Waste disposal	49	70	21	
Total production costs	**1,142**	**1,106**	**(36)**	
Salaries & Wages	858	830	(28)	
Pensions	8	8	(0)	
Group insurances	159	149	(10)	
Other benefits	99	62	(36)	
Total employee related	**1,123**	**1,049**	**(75)**	
Service Company costs	**1,233**	**1,092**	**(141)**	
Contracted services	273	145	(128)	Millersburg pipeline cleaning of manholes
Building maintenance and services	77	76	(1)	
Telecommunication expenses	29	30	1	
Postage printing and stationery	1	4	3	
Office supplies & expenses	27	36	9	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	74	8	(66)	Relocation fees
Miscellaneous expenses	62	20	(42)	
Rents	4	2	(2)	
Transportation	(35)	60	95	Capital credit true up
Operating supplies & services	**513**	**381**	**(132)**	
Uncollectible Accounts Exp	86	41	(46)	
Customer accounting other	10	8	(2)	
Regulatory expense	29	29	(0)	
Insurance other than group	156	150	(6)	
Maintenance service & supplies	226	188	(38)	
Total operation and maintenance	**4,518**	**4,044**	**(474)**	
Depreciation	2,312	2,484	172	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	317	346	29	
Depreciation and Amortization	**2,637**	**2,837**	**200**	
General taxes	880	968	88	Property Tax true up
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**8,036**	**7,850**	**(186)**	
Operating income (loss)	**4,556**	**4,499**	**57**	
OTHER INCOME (EXPENSES)				
Interest net	(1,200)	(1,196)	(4)	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	75	66	9	
Allowance for borrowed funds used during construction	31	40	(9)	
Amortization of debt expense	(33)	(22)	(11)	
Other Net	(85)	(13)	(71)	
Total other income (expenses)	**(1,171)**	**(1,089)**	**(83)**	
Income (loss) before income taxes	**3,385**	**3,410**	**(25)**	
Provision for income taxes	798	804	6	
Net income (loss)	**2,587**	**2,607**	**(20)**	

KENTUCKY AMERICAN WATER

Statement of Income - Nov 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	10,731	10,995	(264)	Unfav. Rates
Sewer revenues	121	146	(24)	
Other operating revenues	183	172	10	
Operating revenues	**11,035**	**11,313**	**(278)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	32	18	(14)	
Fuel and Power	467	532	64	
Chemicals	312	325	12	
Waste disposal	48	61	13	
Total production costs	**860**	**936**	**76**	
Salaries & Wages	772	738	(34)	
Pensions	8	8	(0)	
Group insurances	143	149	6	
Other benefits	64	67	2	
Total employee related	**987**	**961**	**(26)**	
Service Company costs	**1,133**	**987**	**(147)**	
Contracted services	165	146	(19)	
Building maintenance and services	59	74	15	
Telecommunication expenses	28	30	2	
Postage printing and stationery	1	4	3	
Office supplies & expenses	32	33	1	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	(1)	13	13	
Miscellaneous expenses	100	92	(8)	
Rents	5	4	(1)	
Transportation	34	77	43	
Operating supplies & services	**423**	**473**	**50**	
Uncollectible Accounts Exp	61	42	(20)	
Customer accounting other	9	8	(1)	
Regulatory expense	29	29	(0)	
Insurance other than group	159	150	(9)	
Maintenance service & supplies	137	203	65	
Total operation and maintenance	**3,800**	**3,788**	**(12)**	
Depreciation	2,337	2,514	177	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	321	349	28	
Depreciation and Amortization	**2,666**	**2,870**	**204**	
General taxes	871	958	86	Property Tax true up
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,337**	**7,616**	**279**	
Operating income (loss)	**3,698**	**3,697**	**1**	
OTHER INCOME (EXPENSES)				
Interest net	(1,206)	(1,192)	(15)	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	75	71	4	
Allowance for borrowed funds used during construction	32	43	(11)	
Amortization of debt expense	(33)	(22)	(11)	
Other Net	(9)	(13)	4	
Total other income (expenses)	**(1,101)**	**(1,075)**	**(25)**	
Income (loss) before income taxes	**2,597**	**2,621**	**(25)**	
Provision for income taxes	656	620	(36)	
Net income (loss)	**1,941**	**2,002**	**(60)**	

KENTUCKY AMERICAN WATER

Statement of Income - Dec 2025

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,458	10,889	569	GRC effective mid-month
Sewer revenues	138	141	(3)	
Other operating revenues	176	193	(17)	
Operating revenues	**11,772**	**11,223**	**549**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	35	18	(18)	
Fuel and Power	417	454	37	
Chemicals	364	258	(106)	Reservoir treatments due to water quality
Waste disposal	48	61	13	
Total production costs	**865**	**791**	**(73)**	
Salaries & Wages	1,057	887	(171)	Overtime / severance
Pensions	7	8	1	
Group insurances	161	149	(13)	
Other benefits	88	73	(16)	
Total employee related	**1,314**	**1,116**	**(198)**	
Service Company costs	**1,407**	**1,236**	**(172)**	
Contracted services	190	207	17	
Building maintenance and services	136	115	(20)	
Telecommunication expenses	27	30	3	
Postage printing and stationery	2	3	2	
Office supplies & expenses	47	37	(10)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	(5)	15	20	
Miscellaneous expenses	45	75	31	
Rents	4	2	(2)	
Transportation	21	66	45	
Operating supplies & services	**467**	**551**	**84**	
Uncollectible Accounts Exp	42	43	1	
Customer accounting other	10	8	(1)	
Regulatory expense	128	29	(100)	Write off
Insurance other than group	168	150	(18)	
Maintenance service & supplies	317	386	70	Profiling
Total operation and maintenance	**4,718**	**4,311**	**(408)**	
Depreciation	2,366	2,529	163	Driven by lower meter spend
Amortization	8	7	(1)	
Removal costs	323	351	28	
Depreciation and Amortization	**2,697**	**2,887**	**190**	
General taxes	(1,680)	969	2,649	Property Tax true up based on protests
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**5,735**	**8,167**	**2,432**	
Operating income (loss)	**6,037**	**3,057**	**2,980**	
OTHER INCOME (EXPENSES)				
Interest net	(1,206)	(1,212)	5	
Nonoperating benefit costs, net	40	37	3	
Allowance for other funds used during construction	79	68	11	
Allowance for borrowed funds used during construction	34	41	(8)	
Amortization of debt expense	(33)	(22)	(11)	
Other Net	(18)	(15)	(4)	
Total other income (expenses)	**(1,105)**	**(1,102)**	**(3)**	
Income (loss) before income taxes	**4,932**	**1,954**	**2,978**	
Provision for income taxes	1,098	464	(634)	
Net income (loss)	**3,834**	**1,490**	**2,344**	

KENTUCKY AMERICAN WATER

Statement of Income - Jan 2026

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,560	11,762	(203)	Unfav. Demand
Sewer revenues	116	177	(61)	
Other operating revenues	170	175	(5)	
Operating revenues	**11,846**	**12,115**	**(269)**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	40	19	(21)	
Fuel and Power	464	475	11	
Chemicals	272	449	176	Driven by favorable water quality
Waste disposal	46	60	14	
Total production costs	**822**	**1,003**	**181**	
Salaries & Wages	860	857	(4)	
Pensions	7	6	(1)	
Group insurances	189	161	(28)	
Other benefits	68	71	3	
Total employee related	**1,124**	**1,094**	**(30)**	
Service Company costs	**1,223**	**1,239**	**16**	
Contracted services	254	117	(138)	Engineering survey write off / lab renovations / temporary labor
Building maintenance and services	91	85	(6)	
Telecommunication expenses	27	30	4	
Postage printing and stationery	3	2	(1)	
Office supplies & expenses	34	23	(11)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	19	11	(7)	
Miscellaneous expenses	6	(25)	(31)	
Rents	4	4	(0)	
Transportation	31	44	13	
Operating supplies & services	**469**	**291**	**(178)**	
Uncollectible Accounts Exp	153	72	(81)	Reserve true up
Customer accounting other	10	8	(1)	
Regulatory expense	31	80	49	
Insurance other than group	146	167	21	
Maintenance service & supplies	302	245	(57)	
Total operation and maintenance	**4,279**	**4,200**	**(80)**	
Depreciation	2,410	2,371	(40)	
Amortization	8	7	(1)	
Removal costs	330	335	5	
Depreciation and Amortization	**2,749**	**2,713**	**(36)**	
General taxes	543	1,006	464	
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**7,571**	**7,919**	**348**	
Operating income (loss)	**4,275**	**4,196**	**79**	
OTHER INCOME (EXPENSES)				
Interest net	(1,247)	(1,211)	(36)	
Nonoperating benefit costs, net	55	44	11	
Allowance for other funds used during construction	63	46	18	
Allowance for borrowed funds used during construction	26	19	7	
Amortization of debt expense	(33)	(25)	(8)	
Other Net	(9)	(18)	9	
Total other income (expenses)	**(1,145)**	**(1,145)**	**0**	
Income (loss) before income taxes	**3,131**	**3,051**	**80**	
Provision for income taxes	742	727	(15)	
Net income (loss)	**2,388**	**2,324**	**64**	

KENTUCKY AMERICAN WATER

Statement of Income - Feb 2026

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	11,219	11,022	198	Fav. Demand
Sewer revenues	133	165	(31)	
Other operating revenues	182	165	18	
Operating revenues	**11,535**	**11,351**	**184**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	42	21	(21)	
Fuel and Power	587	398	(189)	Increased usage at plants with higher rates due to capital project
Chemicals	302	329	27	
Waste disposal	47	62	15	
Total production costs	**978**	**810**	**(168)**	
Salaries & Wages	857	783	(73)	Overtime
Pensions	7	6	(1)	
Group insurances	163	161	(2)	
Other benefits	61	71	10	
Total employee related	**1,088**	**1,021**	**(67)**	
Service Company costs	**1,130**	**1,182**	**52**	
Contracted services	144	130	(14)	
Building maintenance and services	113	90	(23)	
Telecommunication expenses	24	30	6	
Postage printing and stationery	1	1	0	
Office supplies & expenses	39	25	(14)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	14	12	(2)	
Miscellaneous expenses	120	(55)	(176)	Budget expense line profiling
Rents	7	4	(3)	
Transportation	40	44	4	
Operating supplies & services	**502**	**282**	**(220)**	
Uncollectible Accounts Exp	(50)	68	118	Reserve true up
Customer accounting other	8	8	0	
Regulatory expense	36	80	44	
Insurance other than group	131	167	37	
Maintenance service & supplies	219	260	41	
Total operation and maintenance	**4,042**	**3,878**	**(164)**	
Depreciation	2,413	2,389	(24)	
Amortization	8	7	(1)	
Removal costs	328	337	9	
Depreciation and Amortization	**2,750**	**2,734**	**(16)**	
General taxes	(229)	1,006	1,234	Property tax true up related to 2023 final amended bills
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**6,563**	**7,618**	**1,054**	
Operating income (loss)	**4,972**	**3,734**	**1,238**	
OTHER INCOME (EXPENSES)				
Interest net	(1,250)	(1,201)	(48)	
Nonoperating benefit costs, net	55	44	11	
Allowance for other funds used during construction	39	49	(10)	
Allowance for borrowed funds used during construction	17	21	(4)	
Amortization of debt expense	(31)	(25)	(6)	
Other Net	(8)	(13)	5	
Total other income (expenses)	**(1,177)**	**(1,125)**	**(53)**	
Income (loss) before income taxes	**3,795**	**2,609**	**1,186**	
Provision for income taxes	921	622	(299)	
Net income (loss)	**2,874**	**1,987**	**887**	

KENTUCKY AMERICAN WATER

Statement of Income - Mar 2026

$ in '000s	MTD Actuals	MTD Budget	Fav / (Unfav)	Budget Variance Explanation
OPERATING REVENUES				
Water revenues	12,827	11,553	1,274	Fav. Demand
Sewer revenues	129	169	(40)	
Other operating revenues	198	187	11	
Operating revenues	**13,154**	**11,909**	**1,245**	
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	35	19	(16)	
Fuel and Power	642	516	(127)	Increased usage at plants with higher rates due to capital proje
Chemicals	403	470	67	
Waste disposal	11	62	51	
Total production costs	**1,091**	**1,066**	**(25)**	
Salaries & Wages	901	926	25	
Pensions	6	6	(0)	
Group insurances	166	161	(5)	
Other benefits	63	74	10	
Total employee related	**1,137**	**1,167**	**30**	
Service Company costs	**1,567**	**1,437**	**(130)**	
Contracted services	237	130	(107)	Increase in utility locates / Temp Labor
Building maintenance and services	93	77	(16)	
Telecommunication expenses	24	30	6	
Postage printing and stationery	1	2	1	
Office supplies & expenses	34	25	(9)	
Advertising & marketing expenses	-	-	-	
Employee related expense travel & entertainment	22	13	(9)	
Miscellaneous expenses	95	(44)	(139)	Inventory scrap write off / Lab supplies
Rents	9	3	(6)	
Transportation	72	44	(28)	
Operating supplies & services	**587**	**281**	**(307)**	
Uncollectible Accounts Exp	164	71	(93)	Increase in write offs
Customer accounting other	11	8	(2)	
Regulatory expense	31	80	49	
Insurance other than group	238	167	(71)	General Liability Loss funding true-up
Maintenance service & supplies	288	231	(56)	
Total operation and maintenance	**5,113**	**4,509**	**(605)**	
Depreciation	2,412	2,399	(13)	
Amortization	8	7	(1)	
Removal costs	329	339	10	
Depreciation and Amortization	**2,749**	**2,745**	**(4)**	
General taxes	(1,661)	997	2,657	2024 Property Tax Settlement True-Up
Loss (gain) on sale of assets	-	-	-	
Impairment charges	-	-	-	
Total operating expenses net	**6,202**	**8,251**	**2,049**	
Operating income (loss)	**6,952**	**3,658**	**3,294**	
OTHER INCOME (EXPENSES)				
Interest net	(1,259)	(1,217)	(42)	
Nonoperating benefit costs, net	55	44	11	
Allowance for other funds used during construction	63	61	2	
Allowance for borrowed funds used during construction	27	26	2	
Amortization of debt expense	(36)	(25)	(10)	
Other Net	(8)	(19)	12	
Total other income (expenses)	**(1,157)**	**(1,131)**	**(26)**	
Income (loss) before income taxes	**5,795**	**2,528**	**3,267**	
Provision for income taxes	1,383	644	(740)	
Net income (loss)	**4,411**	**1,884**	**2,528**	

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 32

Description of Filing Requirement:

Independents auditor's annual opinion report and any written findings of material weaknesses in internal controls

Response:

See attached.

For electronic version, see KAW_APP_EX32_051526.pdf

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
American Water Works Company, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of American Water Works Company, Inc. and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting

includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Rate Regulation

As described in Notes 2 and 3 to the consolidated financial statements, the Company's consolidated regulatory assets and liabilities balances were $1,154 million and $1,440 million, respectively, as of December 31, 2025. The Company's regulated utilities are subject to regulation by multiple state utility commissions and the Company follows authoritative accounting principles required for rate regulated utilities, which requires the effects of rate regulation to be reflected in the Company's consolidated financial statements. As disclosed by management, for each regulatory jurisdiction where the Company conducts business, the Company assesses, at the end of each reporting period, whether the regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement. This assessment includes consideration of factors such as changes in regulatory environments, recent rate orders (including recent rate orders on recovery of a specific or similar incurred cost to other regulated entities in the same jurisdiction) and the status of any pending or potential legislation.

The principal considerations for our determination that performing procedures relating to accounting for the effects of rate regulation is a critical audit matter are the significant judgment by management in accounting for regulatory assets and liabilities relative to whether regulatory assets continue to meet the criteria for probable future recovery and regulatory liabilities continue to meet the criteria for probable future settlement as a result of changes in regulatory environments, recent rate orders, and the status of any pending or potential legislation. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence obtained relating to management's judgments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Company's regulatory accounting process, including controls over management's assessment and consideration of factors related to the probability of future recovery or settlement. These procedures also included, among others, evaluating the reasonableness of management's judgments regarding the probability of recovery and settlement based on the Company's correspondence with regulators, status of regulatory proceedings, past practices, and other relevant information; evaluating the related accounting

and disclosure implications; and evaluating regulatory asset and liability balances based on provisions and formulas outlined in rate orders and other correspondence with the Company's regulators.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 18, 2026

We have served as the Company's auditor since 1948.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 33

Description of Filing Requirement:

Summary of last depreciation study

Response:

The last depreciation study was prepared by Concentric Energy Advisors and was sponsored by Larry Kennedy in Case No. 2023-00191. For electronic version, see KAW_APP_EX33_051526.pdf.

AMERICAN WATER WORKS - KENTUCKY

TOTAL SYSTEM
TABLE 1 SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN WATER PLANT
BASED ON ORIGINAL COSTS AS OF DECEMBER 31, 2022
TOTAL LIFE AND NET SALVAGE

ACCOUNT	DESCRIPTION	Truncation Date	Estimated Survivor Curve	Investment Percentage	Net Salvage Percent	Surviving Original Cost as of 12/31/2022	Booked Reserve	Future Accruals	Annual Accrual Amount	Annual Accrual Rate	Composite Remaining Life
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
STRUCTURES AND IMPROVEMENTS											
304.100	Supply		45-R2.5	2.86%	-15%	$25,467,744	$4,717,053	$24,570,853	$690,508	2.71%	35.7
304.200	Pumping		65-R1.5	1.09%	-15%	$9,695,868	$3,489,639	$7,660,610	$151,206	1.56%	49.7
304.300	Treatment		65-R1.5	6.16%	-15%	$54,843,989	$8,936,044	$54,134,544	$953,089	1.74%	56.7
304.400	Transmission and Distribution		40-R3	0.62%	-5%	$5,479,277	-$145,529	$5,898,770	$167,744	3.06%	36.6
304.500	General		25-R2	1.07%	-5%	$9,570,767	$1,817,313	$8,231,993	$461,328	4.82%	18.1
304.600	Office Buildings		60-R2	0.63%	-15%	$5,594,695	$2,294,281	$4,139,619	$102,918	1.84%	39.9
304.700	Store, Shop and Garage		55-R3	0.19%	0%	$1,681,682	$547,045	$1,134,637	$32,024	1.90%	35.6
304.800	Miscellaneous		25-S0.5	0.13%	0%	$1,182,482	$390,853	$791,629	$65,618	5.55%	12.9
TOTAL STRUCTURES AND IMPROVEMENTS						**$113,516,506**	**$22,046,698**	**$106,562,654**	**$2,624,435**	**2.31%**	
305.000	Collecting and Impounding Reservoirs		75-R2	0.09%	0%	$819,260	$332,925	$486,335	$10,728	1.31%	45.2
306.000	Lake, River and Other Intakes		55-S1.5	0.19%	-10%	$1,680,525	$649,489	$1,199,088	$29,547	1.76%	39.6
309.000	Supply Mains		80-R3	2.08%	-10%	$18,567,234	$5,870,114	$14,553,843	$230,594	1.24%	61.6
310.000	Power Generation Equipment		35-R4	0.64%	-5%	$5,678,375	$1,542,584	$4,419,710	$183,442	3.23%	24.6
PUMPING EQUIPMENT											
311.200	Electric		40-S0.5	2.44%	-20%	$21,764,805	$3,025,410	$23,092,356	$799,426	3.67%	30.4
311.300	Diesel		40-S0.5	0.04%	-20%	$349,964	$159,488	$260,469	$14,622	4.18%	18.9
311.400	Hydraulic		40-S0.5	0.00%	-20%	$1,015	$4,098	-$2,880	$0	0.00%	26.7
311.520	SOS and Pumping		40-S0.5	1.94%	-20%	$17,284,728	$3,964,891	$16,776,782	$542,302	3.14%	31.0
311.530	Water Treatment		40-S0.5	0.30%	-20%	$2,676,856	$110,334	$3,101,894	$84,465	3.16%	36.7
311.540	Transmission and Distribution		40-S0.5	0.26%	-20%	$2,320,748	-$1,757	$2,786,655	$79,504	3.43%	35.1
TOTAL PUMPING EQUIPMENT						**$44,398,115**	**$7,262,462**	**$46,018,156**	**$1,520,319**	**3.42%**	
PURIFICATION SYSTEM											
320.100	Water Treatment Equipment - Non-Media		50-R2	7.95%	-15%	$70,780,487	$13,555,741	$67,841,819	$1,734,874	2.45%	40.0
320.200	Water Treatment Equipment - Filter Media		10-S3	0.09%	-10%	$806,774	$622,386	$265,065	$78,760	9.76%	3.3
TOTAL PURIFICATION SYSTEM						**$71,587,262**	**$14,178,128**	**$68,106,884**	**$1,813,635**	**2.53%**	
330.000	Dist Reservoirs & Standpipes		60-R4	0.20%	-15%	$1,777,826	$454,017	$1,590,483	$37,831	2.13%	42.1
330.100	Elevated Tanks & Standpipes		60-R4	1.60%	-15%	$14,209,580	$5,921,206	$10,419,811	$262,826	1.85%	39.2
330.200	Ground Level Tanks		60-R4	0.33%	-15%	$2,912,613	$566,484	$2,783,022	$57,849	1.99%	48.1
330.400	Clearwell		60-R4	0.12%	-15%	$1,096,316	$284,313	$976,450	$20,538	1.87%	47.5
TOTAL ACCOUNT 330						**$19,996,335**	**$7,226,020**	**$15,769,766**	**$379,044**	**1.90%**	
331.001	TD Mains		90-R4	44.69%	-20%	$398,094,728	$78,809,643	$398,904,031	$5,424,097	1.36%	73.9
TOTAL MAINS						**$398,094,728**	**$78,809,643**	**$398,904,031**	**$5,424,097**	**1.36%**	
333.000	Services		55-R4	7.15%	-65%	$63,714,885	$32,499,686	$72,629,874	$1,886,111	2.96%	38.4
METERS											
334.100	Meters		10-R3	3.05%	-15%	$27,125,504	$3,506,116	$27,688,214	$6,520,637	24.04%	5.1
334.110	Meters Bronze Case		10-R3	0.27%	-15%	$2,428,792	$955,952	$1,837,159	$582,972	24.00%	3.2
334.120	Meters Plastic Case		10-R3	0.05%	-15%	$476,069	-$365,031	$912,511	$282,625	59.37%	3.7
334.130	Meters Other		10-R3	0.75%	-15%	$6,675,822	$2,298,558	$5,378,638	$1,759,460	26.36%	3.1
334.131	Meter Reading Units		10-R3	0.08%	-15%	$727,628	$211,295	$625,477	$151,523	20.82%	4.7
TOTAL METERS						**$37,433,816**	**$6,606,890**	**$36,441,998**	**$9,297,216**	**24.84%**	
334.200	Meter Installations		60-R3	3.54%	-20%	$31,548,029	$11,955,688	$25,901,947	$568,127	1.80%	44.0
334.300	Meter Vaults		60-S0.5	0.41%	-20%	$3,656,371	-$36,739	$4,424,384	$79,250	2.17%	56.1
335.000	Hydrants		65-R4	3.61%	-40%	$32,146,686	$5,626,185	$39,379,176	$764,930	2.38%	53.2
339.600	Other P/E-CPS		10-SQ	0.11%	0%	$970,385	$479,155	$491,230	$95,448	9.84%	4.9
OFFICE FURNITURE AND EQUIPMENT											
340.100	Office Furniture & Equip		20-SQ	0.06%	0%	$557,267	$206,023	$351,244	$34,685	6.22%	10.9
340.200	Comp & Periph Equip		10-SQ	0.00%	0%	$35,493	$23,662	$11,831	$1,820	5.13%	6.5
340.210	Mainframe		5-SQ	0.00%	0%	$9,824	$347	$9,477	$3,159	32.16%	3.0
340.220	Personal Computers		5-SQ	0.05%	0%	$414,258	-$69,674	$483,932	$138,331	33.39%	3.7

AMERICAN WATER WORKS - KENTUCKY

TOTAL SYSTEM
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BASED ON ORIGINAL COSTS AS OF DECEMBER 31, 2022
TOTAL LIFE AND NET SALVAGE

ACCOUNT	DESCRIPTION	Truncation Date	Estimated Survivor Curve	Investment Percentage	Net Salvage Percent	Surviving Original Cost as of 12/31/2022	Booked Reserve	Future Accruals	Annual Accrual Amount	Annual Accrual Rate	Composite Remaining Life
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
340.230	Other		5-SQ	0.10%	0%	$905,695	$366,210	$539,485	$153,559	16.95%	3.4
340.300	Computer Software		5-SQ	1.54%	0%	$13,685,313	$5,497,027	$8,188,286	$2,353,894	17.20%	3.4
340.315	Computer Software Spec Depr Rat		10-SQ	0.76%	0%	$6,790,117	$6,086,656	$703,461	$234,487	3.45%	3.0
340.325	Computer Software Customized		15-SQ	0.21%	0%	$1,853,514	$1,766,959	$86,555	$7,527	0.41%	11.1
340.330	Computer Software Other		15-SQ	0.02%	0%	$192,916	$69,132	$123,785	$10,443	5.41%	11.8
340.500	Other Office Equipment		15-SQ	0.01%	0%	$44,539	$11,560	$32,979	$2,579	5.79%	12.8
TOTAL OFFICE FURNITURE AND EQUIPMENT						**$24,488,937**	**$13,957,903**	**$10,531,034**	**$2,940,484**	**12.01%**	
TRANSPORTATION EQUIPMENT											
341.100	Light Duty Trucks		5-L2.5	0.56%	25%	$4,952,111	$2,625,179	$1,088,905	$350,516	7.08%	3.1
341.200	Heavy Duty Trucks		15-L2	0.34%	15%	$2,984,415	$1,451,659	$1,085,094	$118,131	3.96%	8.7
341.300	Autos		5-S2.5	0.02%	20%	$148,138	$69,113	$49,397	$10,977	7.41%	3.5
341.400	Other		5-L2.5	0.17%	25%	$1,490,074	$1,179,351	-$61,795	$0	0.00%	1.0
TOTAL TRANSPORTATION EQUIPMENT						**$9,574,738**	**$5,325,301**	**$2,223,396**	**$479,624**	**5.01%**	
OTHER GENERAL PLANT											
342.000	Stores Equipment		25-SQ	0.01%	0%	$76,931	$16,355	$60,576	$3,730	4.85%	16.6
343.000	Tools, Shop, and Garage Equipment		20-SQ	0.31%	0%	$2,774,065	$1,083,759	$1,690,306	$159,400	5.75%	11.3
344.000	Laboratory Equipment		10-SQ	0.06%	0%	$552,659	-$244,808	$797,466	$159,762	28.91%	5.8
345.000	Power Operated Equipment		25-R2.5	0.16%	10%	$1,441,279	$1,068,812	$228,339	$15,498	1.08%	10.9
346.100	Communication Equipment - Non-Telephone		15-SQ	0.15%	0%	$1,341,086	$251,412	$1,089,673	$96,534	7.20%	11.7
346.190	Remote Control and Instrumentation		15-SQ	0.40%	0%	$3,597,237	$2,036,952	$1,560,284	$332,103	9.23%	5.0
346.200	Communication Equipment - Telephone		15-SQ	0.02%	0%	$182,811	$103,218	$79,594	$12,623	6.91%	6.2
347.000	Miscellaneous Equipment		20-SQ	0.32%	0%	$2,859,551	$871,129	$1,988,422	$192,198	6.72%	12.2
348.000	Other Tangible Property		20-SQ	0.00%	0%	$12,907	$12,907	$0	$0	0.00%	16.5
TOTAL OTHER GENERAL PLANT						**$12,838,526**	**$5,444,545**	**$7,494,660**	**$971,848**	**7.57%**	
Total Depreciable Plant						**$890,710,712**	**$219,776,675**	**$855,538,167**	**$29,298,878**	**3.29%**	
Non Depreciable Plant											
301.000	Organization					$37,450					
302.000	Franchises and Consents					$70,261					
303.200	Land and Land Rights - Source of Supply					$1,119,836					
303.300	Land and Land Rights - Pumping					$277,216					
303.400	Land and Land Rights - Water Treatment					$800,183					
303.500	Land and Land Rights - Transmission and Distribution					$7,549,865					
Total Non Depreciable Plant						**$9,854,811**					
TOTAL PLANT						**$900,565,524**					

AMERICAN WATER WORKS - KENTUCKY
TOTAL SYSTEM
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LIFE

ACCOUNT	DESCRIPTION	Truncation Date	Estimated Survivor Curve	Investment Percentage	Net Salvage Percent	Surviving Original Cost as of 12/31/2022	Booked Reserve	Future Accruals	Annual Accrual Amount	Annual Accrual Rate	Composite Remaining Life
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
STRUCTURES AND IMPROVEMENTS											
304.100	Supply		45-R2.5	2.86%	0%	$25,467,744	$4,860,798	$20,606,946	$577,741	2.27%	35.7
304.200	Pumping		65-R1.5	1.09%	0%	$9,695,868	$2,990,670	$6,705,198	$132,514	1.37%	49.7
304.300	Treatment		65-R1.5	6.16%	0%	$54,843,989	$9,904,826	$44,939,163	$787,236	1.44%	56.7
304.400	Transmission and Distribution		40-R3	0.62%	0%	$5,479,277	$365,525	$5,113,752	$140,824	2.57%	36.6
304.500	General		25-R2	1.07%	0%	$9,570,767	$1,646,970	$7,923,797	$444,475	4.64%	18.1
304.600	Office Buildings		60-R2	0.63%	0%	$5,594,695	$2,146,519	$3,448,176	$84,827	1.52%	39.9
304.700	Store, Shop and Garage		55-R3	0.19%	0%	$1,681,682	$554,332	$1,127,350	$31,793	1.89%	35.6
304.800	Miscellaneous		25-S0.5	0.13%	0%	$1,182,482	$358,309	$824,173	$68,897	5.83%	12.9
TOTAL STRUCTURES AND IMPROVEMENTS						**$113,516,506**	**$22,827,949**	**$90,688,557**	**$2,268,307**	**2.00%**	
305.000	Collecting and Impounding Reservoirs		75-R2	0.09%	0%	$819,260	$337,584	$481,676	$10,616	1.30%	45.2
306.000	Lake, River and Other Intakes		55-S1.5	0.19%	0%	$1,680,525	$732,927	$947,598	$22,759	1.35%	39.6
309.000	Supply Mains		80-R3	2.08%	0%	$18,567,234	$5,402,447	$13,164,787	$208,368	1.12%	61.6
310.000	Power Generation Equipment		35-R4	0.64%	0%	$5,678,375	$1,610,285	$4,068,090	$166,397	2.93%	24.6
PUMPING EQUIPMENT											
311.200	Electric		40-S0.5	2.44%	0%	$21,764,805	$3,317,552	$18,447,253	$630,209	2.90%	30.4
311.300	Diesel		40-S0.5	0.04%	0%	$349,964	$118,476	$231,488	$13,144	3.76%	18.9
311.400	Hydraulic		40-S0.5	0.00%	0%	$1,015	$186	$829	$31	3.05%	26.7
311.520	SOS and Pumping		40-S0.5	1.94%	0%	$17,284,728	$3,604,741	$13,679,987	$441,879	2.56%	31.0
311.530	Water Treatment		40-S0.5	0.30%	0%	$2,676,856	$196,571	$2,480,285	$67,528	2.52%	36.7
311.540	Transmission and Distribution		40-S0.5	0.26%	0%	$2,320,748	$149,396	$2,171,352	$61,873	2.67%	35.1
TOTAL PUMPING EQUIPMENT						**$44,398,115**	**$7,386,922**	**$37,011,193**	**$1,214,664**	**2.74%**	
PURIFICATION SYSTEM											
320.100	Water Treatment Equipment - Non-Media		50-R2	7.95%	0%	$70,780,487	$12,337,094	$58,443,393	$1,487,099	2.10%	40.0
320.200	Water Treatment Equipment - Filter Media		10-S3	0.09%	0%	$806,774	$806,774	$0	$0	0.00%	3.3
TOTAL PURIFICATION SYSTEM						**$71,587,262**	**$13,143,868**	**$58,443,394**	**$1,487,099**	**2.08%**	
330.000	Dist Reservoirs & Standpipes		60-R4	0.20%	0%	$1,777,826	$423,258	$1,354,568	$32,216	1.81%	42.1
330.100	Elevated Tanks & Standpipes		60-R4	1.60%	0%	$14,209,580	$5,517,559	$8,692,021	$214,660	1.51%	39.2
330.200	Ground Level Tanks		60-R4	0.33%	0%	$2,912,613	$585,240	$2,327,373	$48,369	1.66%	48.1
330.400	Clearwell		60-R4	0.12%	0%	$1,096,316	$284,247	$812,069	$17,080	1.56%	47.5
TOTAL ACCOUNT 330						**$19,996,335**	**$6,810,304**	**$13,186,031**	**$312,325**	**1.56%**	
331.001	TD Mains		90-R4	44.69%	0%	$398,094,728	$76,565,936	$321,528,792	$4,328,396	1.09%	73.9
TOTAL MAINS						**$398,094,728**	**$76,565,936**	**$321,528,792**	**$4,328,396**	**1.09%**	
333.000	Services		55-R4	7.15%	0%	$63,714,885	$16,263,371	$47,451,514	$1,269,033	1.99%	38.4
METERS											
334.100	Meters		10-R3	3.05%	0%	$27,125,504	$4,328,832	$22,796,672	$3,163,720	11.66%	5.1
334.110	Meters Bronze Case		10-R3	0.27%	0%	$2,428,792	$910,513	$1,518,279	$425,343	17.51%	3.2
334.120	Meters Plastic Case		10-R3	0.05%	0%	$476,069	$15,024	$461,045	$129,602	27.22%	3.7
334.130	Meters Other		10-R3	0.75%	0%	$6,675,822	$2,320,088	$4,355,734	$1,404,601	21.04%	3.1
334.131	Meter Reading Units		10-R3	0.08%	0%	$727,628	$181,484	$546,144	$94,198	12.95%	4.7
TOTAL METERS						**$37,433,816**	**$7,755,941**	**$29,677,875**	**$5,217,464**	**13.94%**	
334.200	Meter Installations		60-R3	3.54%	0%	$31,548,029	$11,955,688	$19,592,341	$444,861	1.41%	44.0
334.300	Meter Vaults		60-S0.5	0.41%	0%	$3,656,371	-$36,739	$3,693,110	$59,188	1.62%	56.1
335.000	Hydrants		65-R4	3.61%	0%	$32,146,686	$5,626,185	$26,520,501	$520,687	1.62%	53.2
339.600	Other P/E-CPS		10-SQ	0.11%	0%	$970,385	$479,155	$491,230	$95,449	9.84%	4.9
OFFICE FURNITURE AND EQUIPMENT											
340.100	Office Furniture & Equip		20-SQ	0.06%	0%	$557,267	$250,578	$306,689	$28,304	5.08%	10.9
340.200	Comp & Periph Equip		10-SQ	0.00%	0%	$35,493	$23,662	$11,831	$1,820	5.13%	6.5
340.210	Mainframe		5-SQ	0.00%	0%	$9,824	$9,824	$0	$0	0.00%	3.0
340.220	Personal Computers		5-SQ	0.05%	0%	$414,258	$232,810	$181,448	$42,289	10.21%	3.7
340.230	Other		5-SQ	0.10%	0%	$905,695	$458,063	$447,632	$124,695	13.77%	3.4
340.300	Computer Software		5-SQ	1.54%	0%	$13,685,313	$5,501,121	$8,184,193	$2,352,577	17.19%	3.4
340.315	Computer Software Spec Depr Rat		10-SQ	0.76%	0%	$6,790,117	$6,086,656	$703,461	$234,487	3.45%	3.0
340.325	Computer Software Customized		15-SQ	0.21%	0%	$1,853,514	$1,766,959	$86,555	$7,527	0.41%	11.1
340.330	Computer Software Other		15-SQ	0.02%	0%	$192,916	$69,132	$123,785	$10,443	5.41%	11.8
340.500	Other Office Equipment		15-SQ	0.01%	0%	$44,539	$14,547	$29,992	$2,342	5.26%	12.8
TOTAL OFFICE FURNITURE AND EQUIPMENT						**$24,488,937**	**$14,413,351**	**$10,075,586**	**$2,804,484**	**11.45%**	
TRANSPORTATION EQUIPMENT											
341.100	Light Duty Trucks		5-L2.5	0.56%	25%	$4,952,111	$3,143,833	$570,250	$178,336	3.60%	3.1
341.200	Heavy Duty Trucks		15-L2	0.34%	15%	$2,984,415	$1,639,311	$897,442	$93,061	3.12%	8.7
341.300	Autos		5-S2.5	0.02%	20%	$148,138	$69,841	$48,669	$10,815	7.30%	3.5
341.400	Other		5-L2.5	0.17%	25%	$1,490,074	$1,183,103	-$65,548	$0	0.00%	1.0
TOTAL TRANSPORTATION EQUIPMENT						**$9,574,738**	**$6,036,088**	**$1,516,361**	**$282,212**	**2.95%**	
OTHER GENERAL PLANT											
342.000	Stores Equipment		25-SQ	0.01%	0%	$76,931	$16,355	$60,576	$3,730	4.85%	16.6
343.000	Tools, Shop, and Garage Equipment		20-SQ	0.31%	0%	$2,774,065	$1,086,467	$1,687,598	$158,946	5.73%	11.3
344.000	Laboratory Equipment		10-SQ	0.06%	0%	$552,659	$20,933	$797,466	$100,940	18.26%	5.8
345.000	Power Operated Equipment		25-R2.5	0.16%	10%	$1,441,279	$1,138,759	$158,393	$8,897	0.62%	10.9
346.100	Communication Equipment - Non-Telephone		15-SQ	0.15%	0%	$1,341,086	$266,773	$1,074,313	$94,206	7.02%	11.7
346.190	Remote Control and Instrumentation		15-SQ	0.40%	0%	$3,597,237	$2,223,129	$1,374,108	$284,317	7.90%	5.0
346.200	Communication Equipment - Telephone		15-SQ	0.02%	0%	$182,811	$103,218	$79,594	$12,624	6.91%	6.2
347.000	Miscellaneous Equipment		20-SQ	0.32%	0%	$2,859,551	$1,032,946	$1,826,605	$158,374	5.54%	12.2
348.000	Other Tangible Property		20-SQ	0.00%	0%	$12,907	$12,907	$0	$0	0.00%	16.5
TOTAL OTHER GENERAL PLANT						**$12,838,526**	**$5,901,486**	**$7,058,651**	**$822,034**	**6.40%**	
Total Depreciable Plant						**$890,710,712**	**$203,212,747**	**$685,597,288**	**$21,534,343**	**2.42%**	
Non Depreciable Plant											
301.000	Organization					$37,450					
302.000	Franchises and Consents					$70,261					
303.200	Land and Land Rights - Source of Supply					$1,119,836					
303.300	Land and Land Rights - Pumping					$277,216					
303.400	Land and Land Rights - Water Treatment					$800,183					
303.500	Land and Land Rights - Transmission and Distribution					$7,549,865					
Total Non Depreciable Plant						**$9,854,811**					
TOTAL PLANT						**$900,565,524**					

AMERICAN WATER WORKS - KENTUCKY
TOTAL SYSTEM
TABLE 1 SUMMARY OF SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO THE RECOVERY OF AVERAGE ORIGINAL COST IN WATER PLANT
BASED ON ORIGINAL COSTS AS OF DECEMBER 31, 2022
COR

ACCOUNT	DESCRIPTION	Truncation Date	Estimated Survivor Curve	Investment Percentage	Net Salvage Percent	Surviving Original Cost as of 12/31/2022	Booked Reserve	Future Accruals	Annual Accrual Amount	Annual Accrual Rate	Composite Remaining Life
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
STRUCTURES AND IMPROVEMENTS											
304.100	Supply		45-R2.5	2.86%	-15%	$25,467,744	-$143,745	$29,431,651	$112,767	0.44%	35.7
304.200	Pumping		65-R1.5	1.09%	-15%	$9,695,868	$498,969	$10,651,280	$18,692	0.19%	49.7
304.300	Treatment		65-R1.5	6.16%	-15%	$54,843,989	-$968,782	$64,039,370	$165,853	0.30%	56.7
304.400	Transmission and Distribution		40-R3	0.62%	-5%	$5,479,277	-$511,054	$6,264,295	$26,920	0.49%	36.6
304.500	General		25-R2	1.07%	-5%	$9,570,767	$170,343	$9,878,963	$16,853	0.18%	18.1
304.600	Office Buildings		60-R2	0.63%	-15%	$5,594,695	$147,762	$6,286,138	$18,091	0.32%	39.9
304.700	Store, Shop and Garage		55-R3	0.19%	0%	$1,681,682	-$7,287	$1,688,969	$231	0.01%	35.6
304.800	Miscellaneous		25-S0.5	0.13%	0%	$1,182,482	$32,544	$1,149,938	-$3,279	-0.28%	12.9
TOTAL STRUCTURES AND IMPROVEMENTS						**$113,516,506**	**-$781,251**	**$129,390,603**	**$359,407**	**0.32%**	
305.000	Collecting and Impounding Reservoirs		75-R2	0.09%	0%	$819,260	-$4,659	$823,919	$112	0.01%	45.2
306.000	Lake, River and Other Intakes		55-S1.5	0.19%	-10%	$1,680,525	-$83,438	$1,932,015	$6,788	0.40%	39.6
309.000	Supply Mains		80-R3	2.08%	-10%	$18,567,234	$467,667	$19,956,290	$22,226	0.12%	61.6
310.000	Power Generation Equipment		35-R4	0.64%	-5%	$5,678,375	-$67,701	$6,029,995	$17,045	0.30%	24.6
PUMPING EQUIPMENT											
311.200	Electric		40-S0.5	2.44%	-20%	$21,764,805	-$292,142	$26,409,908	$169,217	0.78%	30.4
311.300	Diesel		40-S0.5	0.04%	-20%	$349,964	$41,012	$378,945	$1,478	0.42%	18.9
311.400	Hydraulic		40-S0.5	0.00%	-20%	$1,015	$3,912	-$2,694	-$31	-3.05%	26.7
311.520	SOS and Pumping		40-S0.5	1.94%	-20%	$17,284,728	$360,150	$20,381,523	$100,423	0.58%	31.0
311.530	Water Treatment		40-S0.5	0.30%	-20%	$2,676,856	-$86,238	$3,298,465	$16,937	0.63%	36.7
311.540	Transmission and Distribution		40-S0.5	0.26%	-20%	$2,320,748	-$151,153	$2,936,051	$17,631	0.76%	35.1
TOTAL PUMPING EQUIPMENT						**$44,398,115**	**-$124,460**	**$53,404,892**	**$305,686**	**0.69%**	
PURIFICATION SYSTEM											
320.100	Water Treatment Equipment - Non-Media		50-R2	7.95%	-15%	$70,780,487	$1,218,647	$80,178,913	$247,775	0.35%	40.0
320.200	Water Treatment Equipment - Filter Media		10-S3	0.09%	-10%	$806,774	-$184,388	$1,071,839	$78,760	9.76%	3.3
TOTAL PURIFICATION SYSTEM						**$71,587,262**	**$1,034,260**	**$81,250,752**	**$326,536**	**0.46%**	
330.000	Dist Reservoirs & Standpipes		60-R4	0.20%	-15%	$1,777,826	$30,759	$2,013,741	$5,615	0.32%	42.1
330.100	Elevated Tanks & Standpipes		60-R4	1.60%	-15%	$14,209,580	$403,647	$15,937,370	$48,166	0.34%	39.2
330.200	Ground Level Tanks		60-R4	0.33%	-15%	$2,912,613	-$18,756	$3,368,262	$9,480	0.33%	48.1
330.400	Clearwell		60-R4	0.12%	-15%	$1,096,316	$66	$1,260,697	$3,458	0.32%	47.5
TOTAL ACCOUNT 330						**$19,996,335**	**$415,716**	**$22,580,070**	**$66,719**	**0.33%**	
331.001	TD Mains		90-R4	44.69%	-20%	$398,094,728	$2,243,707	$475,469,967	$1,095,701	0.28%	73.9
TOTAL MAINS						**$398,094,728**	**$2,243,707**	**$475,469,967**	**$1,095,701**	**0.28%**	
333.000	Services		55-R4	7.15%	-65%	$63,714,885	$16,236,315	$88,893,245	$617,078	0.97%	38.4
METERS											
334.100	Meters		10-R3	3.05%	-15%	$27,125,504	-$822,716	$32,017,046	$3,356,917	12.38%	5.1
334.110	Meters Bronze Case		10-R3	0.27%	-15%	$2,428,792	$45,439	$2,747,672	$157,629	6.49%	3.2
334.120	Meters Plastic Case		10-R3	0.05%	-15%	$476,069	-$380,055	$927,535	$153,023	32.14%	3.7
334.130	Meters Other		10-R3	0.75%	-15%	$6,675,822	-$21,530	$7,698,726	$354,859	5.32%	3.1
334.131	Meter Reading Units		10-R3	0.08%	-15%	$727,628	$29,811	$806,961	$57,325	7.88%	4.7
TOTAL METERS						**$37,433,816**	**-$1,149,051**	**$44,197,939**	**$4,079,752**	**10.90%**	
334.200	Meter Installations		60-R3	3.54%	-20%	$31,548,029	$0	$37,857,634	$123,266	0.39%	44.0
334.300	Meter Vaults		60-S0.5	0.41%	-20%	$3,656,371	$0	$4,387,645	$20,062	0.55%	56.1
335.000	Hydrants		65-R4	3.61%	-40%	$32,146,686	$0	$45,005,360	$244,243	0.76%	53.2
339.600	Other P/E-CPS		10-SQ	0.11%	0%	$970,385	$0	$970,385	-$1	0.00%	4.9
OFFICE FURNITURE AND EQUIPMENT											
340.100	Office Furniture & Equip		20-SQ	0.06%	0%	$557,267	-$44,555	$601,822	$6,381	1.14%	10.9
340.200	Comp & Periph Equip		10-SQ	0.00%	0%	$35,493	$0	$35,493	$0	0.00%	6.5
340.210	Mainframe		5-SQ	0.00%	0%	$9,824	-$9,477	$19,300	$3,159	32.16%	3.0
340.220	Personal Computers		5-SQ	0.05%	0%	$414,258	-$302,484	$716,742	$96,042	23.18%	3.7
340.230	Other		5-SQ	0.10%	0%	$905,695	-$91,853	$997,548	$28,864	3.19%	3.4
340.300	Computer Software		5-SQ	1.54%	0%	$13,685,313	-$4,094	$13,689,407	$1,317	0.01%	3.4
340.315	Computer Software Spec Depr Rat		10-SQ	0.76%	0%	$6,790,117	$0	$6,790,117	$0	0.00%	3.0
340.325	Computer Software Customized		15-SQ	0.21%	0%	$1,853,514	$0	$1,853,514	$0	0.00%	11.1
340.330	Computer Software Other		15-SQ	0.02%	0%	$192,916	$0	$192,916	$0	0.00%	11.8
340.500	Other Office Equipment		15-SQ	0.01%	0%	$44,539	-$2,987	$47,526	$237	0.53%	12.8
TOTAL OFFICE FURNITURE AND EQUIPMENT						**$24,488,937**	**-$455,449**	**$24,944,386**	**$136,000**	**0.56%**	
TRANSPORTATION EQUIPMENT											
341.100	Light Duty Trucks		5-L2.5	0.56%	0%	$4,952,111	-$518,654	$5,470,765	$172,180	3.48%	3.1
341.200	Heavy Duty Trucks		15-L2	0.34%	0%	$2,984,415	-$187,652	$3,172,068	$25,070	0.84%	8.7
341.300	Autos		5-S2.5	0.02%	0%	$148,138	-$728	$148,866	$162	0.11%	3.5
341.400	Other		5-L2.5	0.17%	0%	$1,490,074	-$3,752	$1,493,826	$0	0.00%	1.0
TOTAL TRANSPORTATION EQUIPMENT						**$9,574,738**	**$0**	**$10,285,525**	**$197,412**	**2.06%**	
OTHER GENERAL PLANT											
342.000	Stores Equipment		25-SQ	0.01%	0%	$76,931	$0	$76,931	$0	0.00%	16.6
343.000	Tools, Shop, and Garage Equipment		20-SQ	0.31%	0%	$2,774,065	-$2,708	$2,776,773	$454	0.02%	11.3
344.000	Laboratory Equipment		10-SQ	0.06%	0%	$552,659	-$265,741	$797,466	$58,822	10.64%	5.8
345.000	Power Operated Equipment		25-R2.5	0.16%	0%	$1,441,279	-$69,947	$1,511,226	$6,601	0.46%	10.9
346.100	Communication Equipment - Non-Telephone		15-SQ	0.15%	0%	$1,341,086	-$15,361	$1,356,446	$2,328	0.17%	11.7
346.190	Remote Control and Instrumentation		15-SQ	0.40%	0%	$3,597,237	-$186,177	$3,783,413	$47,786	1.33%	5.0
346.200	Communication Equipment - Telephone		15-SQ	0.02%	0%	$182,811	$0	$182,811	-$1	0.00%	6.2
347.000	Miscellaneous Equipment		20-SQ	0.32%	0%	$2,859,551	-$161,817	$3,021,368	$33,824	1.18%	12.2
348.000	Other Tangible Property		20-SQ	0.00%	0%	$12,907	$0	$12,907	$0	0.00%	16.5
TOTAL OTHER GENERAL PLANT						**$12,838,526**	**$0**	**$13,519,341**	**$149,814**	**1.17%**	
Total Depreciable Plant						**$890,710,712**	**$17,731,657**	**$1,060,899,965**	**$7,767,845**	**0.87%**	
Non Depreciable Plant											
301.000	Organization					$37,450					
302.000	Franchises and Consents					$70,261					
303.200	Land and Land Rights - Source of Supply					$1,119,836					
303.300	Land and Land Rights - Pumping					$277,216					
303.400	Land and Land Rights - Water Treatment					$800,183					
303.500	Land and Land Rights - Transmission and Distribution					$7,549,865					
Total Non Depreciable Plant						**$9,854,811**					
TOTAL PLANT						**$900,565,524**					

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 34

Description of Filing Requirement:

List of software, program, and models used

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX34_051526.pdf

A list of all commercially available or in-house developed computer software, programs and models used in the development of the schedules and workpapers associated with the filing of the utility's application are listed below.

SOFTWARE	**DESCRIPTION**
Microsoft Office	MS Office is a suite of personal computer applications designed to integrate with each other and provide a similar interface to the data maintained within each application. Applications included in the MS Office suite are MS Excel, MS Access, and MS Word. MS Office is manufactured by Microsoft Corporation.
MS Excel	MS Excel was used by the Company to formulate their budget and rate case model information and was used to complete the computation of water utilization projections and the cost of service allocation study. MS Excel is an electronic spreadsheet application manufactured by Microsoft Corporation.
MS Access	MS Access was used by the Company to manage, organize, and control large amounts of data that can be formatted into a data base file. MS Access is an electronic data base management system manufactured by Microsoft Corporation.
MS Word	MS Word was used to prepare testimony and other miscellaneous schedules. MS Word is an electronic word processing application manufactured by Microsoft Corporation.
Adobe Acrobat	Acrobat was used by the Company to create and manage Portable Document Format (PDF) files. Acrobat is a universal document exchange application and is manufactured by Adobe Systems Incorporated.
Hyperion	Hyperion is used by the Company to create balance sheets, income statements and cash flow analyses and is used to consolidate financial data for financial reporting. Hyperion is also used to download revenue, usage and customer counts data by class. Hyperion is a business performance and business intelligence application manufactured by Hyperion Solutions Corporation.

SOFTWARE	**DESCRIPTION**

Hyperion Smartview Hyperion SmartView is used to download actual historical revenue amounts and customer count data into Excel. Hyperion Smartview is a business performance and business intelligence application manufactured by Hyperion Solutions Corporation.

SAP SAP is used by the Company as an enterprise financial application including general ledger, accounts payable, procurement, materials inventory, asset management, payroll and human resource administration. SAP also has a billing and customer information system aspect that contains information on water consumptions, billing, collecting, and tracking customer's service work. SAP is manufactured by SAP SE which is a German-based European multinational software corporation.

SAP Business Intelligence SAP Business Intelligence is used to download historical billing data which for analysis to determine usage patterns and other information to develop the forecast. SAP Business Intelligence is manufactured by SAP SE which is a German-based European multinational software corporation.

PowerPlant PowerPlant is a financial asset lifecycle management software system designed specifically for the utility industry. PowerPlant covers capital budgeting, project accounting (including overhead and AFUDC calculations), fixed asset accounting (including book and tax depreciation), property tax accounting, and income tax accounting (including deferred tax and tax provision). The manufacturer is PowerPlan, Inc.

Computer Hardware **Pro 16 PC16250 i7-32-512-Touch-4yr SI# BWGW11**
Base: Dell Pro 16 (PC16250) XCTO Base
Processor: Intel® Core™ Ultra 7 255U (12 TOPS NPU, 12 cores, up to 5.2 GHz)
Operating System: Windows 11 Pro
Chassis Options: Platinum silver color, metallic finish
Memory: 32 GB: 2 x 16 GB, DDR5, 5600 MT/s (5200 MT/s with Intel® Core™ processors)
Base Options: Integrated Intel® graphics for Intel® Core™ Ultra 7 255U processor
Storage: 512 GB, SSD
Operating System Language Pack: English, French, Spanish, Brazilian Portuguese

Display: 16", Non-Touch, FHD+, IPS, 300 nits, 45% NTSC, Anti-Glare, FHD Cam

Pro 14 PB14250 i7-32-512-Non touch- 4yr SI# BWGW11

Base: Dell Pro 14 (PC14250) XCTO Base
Processor: Intel® Core™ Ultra 7 265U vPro® (12 TOPS NPU, 12 cores, up to 5.3 GHz)
Operating System: Windows 11 Pro
Chassis Options: Platinum silver color, metallic finish
Memory: 32 GB: 2 x 16 GB, DDR5, 5600 MT/s (5200 MT/s with Intel® Core™ processors)
Base Options: Integrated Intel® graphics for Intel® Core™ Ultra 7 265U vPro® processor
Storage: 512 GB, TLC, SSD
Operating System Language Pack: English, French, Spanish, Brazilian Portuguese
Display: 14", Non-Touch, FHD+, IPS, 400 nits, 45% NTSC, Anti-Glare, FHD Cam

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 35

Description of Filing Requirement:

Affiliate, General or Home Office Allocations

Response:

Please see attached.

For electronic version, refer to KAW_APP_EX35_051526.pdf

KENTUCKY-AMERICAN WATER
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
AFFILIATE, GENERAL OR HOME OFFICE ALLOCATIONS

Kentucky-American Water Company (KAWC) has amounts charged and allocated to it by American Water Works Service Company, Inc. (Service Company), American Water Capital Corp. (AWCC) and AWI, Inc. (AWI).

Service Company

	Amounts Allocated/ Charged to KAWC (000)
2023	$11,978
2024	$13,278
2025	$15,226
Base Period	$15,298
Forecasted Period	$15,824

A contract between KAWC and the Service Company provides detailed language outlining the methodologies utilized in the allocation of Service Company charges to Kentucky-American Water. The contract became effective October 1, 1989.

The methods used to allocate charges to KAWC during the base period and the forecasted test period was based on this Service Company contract and the Service Company Cost Accounting Manual (CAM). Service Company costs are allocated to KAWC based upon actual time charged or allocated by Service Company employees as reflected in their daily timesheets. All costs of Service Company employees that are identified as related exclusively to KAWC are charged directly to KAWC. Service Company costs incurred in rendering services to KAWC, and other operating companies, are allocated among the group of companies receiving the service rendered based on certain data from the preceding calendar year.

AWCC

	Amounts Allocated/ Charged to KAWC (000)
2023	$9,994
2024	$11,613
2025	$6,345
Base Period	$5,211
Forecasted Period	$8,291

The services provided by AWCC include those listed in Appendix I of the Financial Services Agreement between KAWC and AWCC. By Order entered July 21, 2000 in Case No. 2000-189, the Commission authorized the Company to enter into a Financial Services Agreement with AWCC which enables the Company to periodically issue debt securities in the form of notes or debentures for the purpose of replacing short-term debt or refinancing maturities of existing long-term debt. In Case No. 2006-00418 the Commission reaffirmed the Company's authorization to use AWCC for the attainment of its debt

financing. In its Order in Case No. 2009-00156, the Commission again authorized the Company's use of AWCC as a source for its long-term and short-term debt funding. And most recently, in its Orders in Case Nos. 2019-00083, 2021-00019, and 2024-00018 the Commission reaffirmed the Company's continued participation in the AWCC borrowing program.

The methods used to allocate charges to KAWC during the base period and the forecasted test period was based on the Financial Service Agreement, and corresponding promissory notes. The market interest rates obtained by AWCC for both short-term and long-term debt are a direct pass-through as a cost component to the amounts borrowed by KAWC from AWCC. The costs incurred by AWCC in connection with its bank credit lines and short-term debt borrowings are divided among participating affiliates, such as KAWC, in proportion to the maximum principal amount that each participating affiliate requests be made available to it during the course of a year. The costs incurred by AWCC in connection with each long-term debt borrowing by AWCC is divided up among each individual participating affiliate, such as KAWC, in proportion to the principal amount of that borrowing that is loaned to each participating affiliate. AWCC's overhead is allocated among each participating affiliate in the same proportion as each individual participant's long-term and maximum requested short-term debt borrowings and investments in a calendar year compared to all of the long-term and maximum short-term debt borrowings and investments by all participating affiliates during the same year.

AWI

	Amounts Allocated/ Charged to KAWC (000)
2023	$593
2023	$619
2024	$643
Base Period	$748
Forecasted Period	$651

AWI is a captive insurance company and a subsidiary of American Water Works Company, Inc. (American Water) that provides insurance and insurance related services to American Water and its subsidiaries, including KAWC. AW Insurance LLC is structured as a Delaware series limited liability company with three wholly-owned Series through which it conducts its operations. AW Insurance LLC - Series A offers a deductible buydown policy used to fund payments in the deductible layer of its general liability, automobile liability and workers' compensation commercial insurance policies. AW Insurance LLC - Series B currently offers Terrorism Risk Insurance Act ("TRIA") insurance coverage for parent company and its subsidiaries, as well coverage for the deductible layer of a third-party Employee Practices Liability Insurance ("EPLI") policy. AW Insurance LLC - Series C is not currently in use.

The methods used to allocate charges to KAWC during the base period and the forecasted test period for the deductible layer that covers KAWC's general liability and worker's compensation policies are based upon a combination of loss experience (50%) and exposure (50% estimated annual payroll). The Company's deductible layer that covers KAWC's auto liability insurance is allocated based on a combination of loss experience (50%) and exposure (50% based on number of vehicles). The Company's EPLI premiums are allocated based on payroll. The loss experience is generally based upon a five-year average of historical loss experience. The methods used to allocate charges to KAWC during the base period and the forecasted test period for the TRIA coverage is based on the total insured value of KAWC's assets.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
FORECASTED TEST PERIOD FILING REQUIREMENTS
EXHIBIT NO. 36

Description of Filing Requirement:

Cost of service study

Response:

Kentucky-American Water Company's ("Company") Cost of Service Study ("COSS") allocates the total revenue requirement for its water operations to the various cost categories listed below. The revenue requirement for each of these cost categories is then allocated to customer classes using a class allocation factor that differs depending on the nature of the costs. In this study, the Company's aggregated cost of water service was allocated to the following customer classifications:

- Residential
- Commercial
- Industrial
- Other Public Authorities
- Sales for Resale
- Public Fire
- Private Fire
- Miscellaneous

The study was performed in accordance with generally accepted principles and procedures and results in the relative cost responsibilities of each class of customers. The allocated cost of service provides one input to designing customer rates under the Company's proposed rate design to produce the revenues that will yield the proposed revenue requirement in this case.

The Company's COSS is organized into five different tabs, or sections:

- The "Summary" tab allocates the revenue requirement for each cost category to customer class and summarizes the results of the cost allocations by customer class and business function to get a total revenue requirement by class and business function. The "Summary" tab also compares the revenue requirements by class to Test-Year revenues under Present Rates;
- The "Account Detail" tab contains rate base, depreciation, and operations and maintenance ("O&M") balances by account and allocates each account to a cost category;

- The “Usage Statistics” tab contains usage information by customer class and other information necessary to calculate class allocation factors for the “Account Detail” tab;
- The “Class Allocators” tab provides detailed calculations of all class allocation factors used in the COSS; and
- The “Allocation Summary” tab provides a summary of the class allocation factors and the allocation factors used to allocate costs to cost categories.

The cost categories that the Company assigns to specific classes are as follows:

- Variable Cost
- Capacity (Fixed) Costs
- Source of Supply
- Water Power and Pumping Expenses
- Water Treatment
- Transmission Mains
- Distribution Mains
- Storage Costs
- Metering Cost
- Service Line Costs
- Customer Related Costs
- Public Hydrants
- Private Hydrants

Please see attached detailed schedules of the allocation of costs to customer classifications as well as the basis for the allocations. Please refer to the Direct Testimony of witness Chuck Rea for additional details and support of the Cost of Service Study.

For electric version, refer to KAW_APP_EX36_051625.pdf.

Kentucky American Water Company
Class Cost of Service Study - Functional Allocators to Customer Class
Case No. 2026-00094

	Functional COS	Alloc	Description	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Variance
Source of Supply Expense													
Fixed	$ 8,284,193	2	Base/Extra Daily	$ 4,269,338	$ 2,639,892	$ 387,864	$ 794,428	$ 186,115	$ -	$ 3,491	$ 3,064	$ 8,284,193	$ -
Variable	$ 1,747,806	1	Total Usage	$ 870,273	$ 580,352	$ 82,048	$ 172,950	$ 40,257	$ -	$ 1,026	$ 900	$ 1,747,806	$ -
Power and Pumping Expenses													
Fixed	$ 4,608,723	3	Base/Extra Daily w/ Fire	$ 2,316,373	$ 1,424,151	$ 209,864	$ 428,900	$ 100,531	$ -	$ 126,695	$ 2,209	$ 4,608,723	$ -
Variable	$ 697,098	1	Total Usage	$ 347,101	$ 231,468	$ 32,724	$ 68,980	$ 16,056	$ -	$ 409	$ 359	$ 697,098	$ -
Water Treatment													
Fixed	$ 42,804,135	2	Base/Extra Daily	$ 22,059,520	$ 13,640,228	$ 2,004,082	$ 4,104,782	$ 961,651	$ -	$ 18,038	$ 15,833	$ 42,804,135	$ -
Variable	$ 11,244,570	1	Total Usage	$ 5,598,932	$ 3,733,711	$ 527,861	$ 1,112,679	$ 258,996	$ -	$ 6,599	$ 5,792	$ 11,244,570	$ -
Transmission	$ 20,144,956	3	Base/Extra Daily w/ Fire	$ 10,124,979	$ 6,225,033	$ 917,325	$ 1,874,743	$ 439,427	$ -	$ 553,791	$ 9,657	$ 20,144,956	$ -
Distribution	$ 38,316,495	4	Base/Extra Hourly w/ Fire	$ 19,926,069	$ 11,951,144	$ 1,388,290	$ 1,976,174	$ 282,675	$ -	$ 2,773,531	$ 18,612	$ 38,316,495	$ -
Storage	$ 1,477,398	5	Storage	$ 700,324	$ 415,929	$ 57,807	$ 116,075	$ 25,186	$ 103,070	$ 58,359	$ 648	$ 1,477,398	$ -
Meters	$ 34,145,346	9	Meters	$ 26,080,739	$ 6,474,824	$ 193,408	$ 1,226,514	$ 73,845	$ -	$ -	$ 96,017	$ 34,145,346	$ -
Services	$ 5,629,486	10	Services	$ 4,640,703	$ 622,167	$ 6,456	$ 79,045	$ 1,828	$ -	$ 274,526	$ 4,761	$ 5,629,486	$ -
Customers	$ 6,677,807	11	Customers	$ 6,052,817	$ 459,790	$ 1,847	$ 40,391	$ 704	$ -	$ 119,442	$ 2,815	$ 6,677,807	$ -
Hydrants - Public	$ 999,228	7	Public Hydrants	$ -	$ -	$ -	$ -	$ -	$ 999,228	$ -	$ -	$ 999,228	$ -
Hydrants - Private	$ 828,505	8	Private Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ 828,505	$ -	$ 828,505	$ -
Total	**$ 177,605,745**			**$ 102,987,169**	**$ 48,398,689**	**$ 5,809,577**	**$ 11,995,661**	**$ 2,387,270**	**$ 1,102,298**	**$ 4,764,412**	**$ 160,670**	**$ 177,605,745**	$ -
				57.99%	27.25%	3.27%	6.75%	1.34%	0.62%	2.68%	0.09%	100.00%	
Rate Year Water Revenue	$ 160,033,089			$ 85,440,760	$ 43,496,206	$ 4,540,793	$ 12,096,512	$ 2,173,489	$ 6,928,647	$ 5,200,891	$ 155,792	$ 160,033,089	$ -
Other Water Operating Revenues	$ 2,562,964										$	-	
Increase in Water Retail	$ 17,572,656			$ 17,546,408	$ 4,902,483	$ 1,268,784	$ (100,851)	$ 213,781	$ (5,826,349)	$ (436,479)	$ 4,878	$ 17,572,656	$ -
Percent Increase	10.98%			20.5%	11.3%	27.9%	-0.8%	9.8%	-84.1%	-8.4%	3.1%	11.0%	
											$	-	
Rate Year Revenue				$ 85,440,760	$ 43,496,206	$ 4,540,793	$ 12,096,512	$ 2,173,489	$ 6,928,647	$ 5,200,891	$ 155,792	$ 160,033,089	
Cost of Service Increase				$ 17,546,408	$ 4,902,483	$ 1,268,784	$ (100,851)	$ 213,781	$ (5,826,349)	$ (436,479)	$ 4,878	$ 17,572,656	
Revenue Target				$ 102,987,169	$ 48,398,689	$ 5,809,577	$ 11,995,661	$ 2,387,270	$ 1,102,298	$ 4,764,412	$ 160,670	$ 177,605,745	
Percent Increase (Decrease)				20.5%	11.3%	27.9%	-0.8%	9.8%	-84.1%	-8.4%	3.1%	11.0%	

Including Increase	$ 180,168,710
Workpaper	180,168,710
	$ 0
Variable Cost	$ 13,689,474

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

			Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Source of Supply Expense																	
Operating Expense																	
Purchased Water		$ 1,571,513	A	Source of Supply	$ 1,571,513	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,571,513	$ -
Fuel and Power		$ 176,293	A	Source of Supply	$ 176,293	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 176,293	$ -
Chemicals		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Waste Disposal		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Salaries and Wages	Labor	$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Benefits		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pension Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Group Insurance Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Benefits		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Support Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contracted Services		$ 70,412	A	Source of Supply	$ 70,412	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 70,412	$ -
Building Maintenance and Services		$ 182,347	A	Source of Supply	$ 182,347	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,347	$ -
Telecommunication Expenses		$ 28	A	Source of Supply	$ 28	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28	$ -
Postage, Printing and Stationary		$ 1	A	Source of Supply	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1	$ -
Office Supplies and Services		$ 370	A	Source of Supply	$ 370	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 370	$ -
Advertising & Marketing Expenses		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Related Expense Travel & Entertainment		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous Expenses		$ 9,286	A	Source of Supply	$ 9,286	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,286	$ -
Rents		$ 40,427	A	Source of Supply	$ 40,427	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,427	$ -
Transportation		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uncollectible Accounts Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Accounting, Other		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Regulatory Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Other Than Group		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Supplies and Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 2,050,676			$ 2,050,676	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,050,676	$ -
Maintenance Expense																	
Purchased Water		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fuel and Power		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Chemicals		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Waste Disposal		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Salaries and Wages		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Benefits		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pension Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Group Insurance Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Benefits		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Support Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contracted Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Maintenance and Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Telecommunication Expenses		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Postage, Printing and Stationary		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Office Supplies and Services		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Advertising & Marketing Expenses		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Related Expense Travel & Entertainment		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous Expenses		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rents		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uncollectible Accounts Expense		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Customer Accounting, Other		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Other Than Group		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Supplies and Services		$ 3,461	A	Source of Supply	$ 3,461	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,461	$ -
		$ 3,461			$ 3,461	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,461	$ -
Total SS Expense		**$ 2,054,137**			**$ 2,054,137**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,054,137**	**$ -**
Power and Pumping Expenses																	
Operating Expense																	
Fuel and Power		$ 697,098	B	Pumping	$ -	$ 697,098	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 697,098	$ -
Salaries and Wages	Labor	$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee Benefits		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Maintenance and Services		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ 8,323	B	Pumping	$ -	$ 8,323	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,323	$ -
Office supplies and services		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials & Supplies		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rents		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 705,421			$ -	$ 705,421	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 705,421	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Services - Eng		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Services - Other		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Supplies and Services		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Pumping Expense		**$ 705,421**			**$ -**	**$ 705,421**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 705,421**	**$ -**
Water Treatment																	
Operating Expense																	
Fuel and Power		$ 5,302,634	C	Water Treatment	$ -	$ -	$ 5,302,634	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,302,634	$ -
Chemicals		$ 5,246,517	C	Water Treatment	$ -	$ -	$ 5,246,517	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,246,517	$ -
Waste Disposal		$ 695,419	C	Water Treatment	$ -	$ -	$ 695,419	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 695,419	$ -
Salaries and Wages	Labor	$ 8,172,937	C	Water Treatment	$ -	$ -	$ 8,172,937	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,172,937	$ -
Employee Benefits		$ -	C	Water Treatment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Benefits		$ 78	C	Water Treatment	$ -	$ -	$ 78	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 78	$ -
Contracted Services		$ 182,599	C	Water Treatment	$ -	$ -	$ 182,599	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,599	$ -
Building Maintenance and Services		$ 182,695	C	Water Treatment	$ -	$ -	$ 182,695	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,695	$ -
Miscellaneous expenses		$ 314,767	C	Water Treatment	$ -	$ -	$ 314,767	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 314,767	$ -
Telecommunication Expenses		$ 1,410	C	Water Treatment	$ -	$ -	$ 1,410	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,410	$ -
Postage, printing and stationary		$ 11,013	C	Water Treatment	$ -	$ -	$ 11,013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,013	$ -
Office supplies and services		$ 71,971	C	Water Treatment	$ -	$ -	$ 71,971	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,971	$ -
Rents		$ 16,181	C	Water Treatment	$ -	$ -	$ 16,181	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,181	$ -
Transportation		$ 785	C	Water Treatment	$ -	$ -	$ 785	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 785	$ -
		$ 20,199,007			$ -	$ -	$ 20,199,007	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,199,007	$ -

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

			Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Maintenance Expense							$ -										
Salaries and Wages	Labor	$ 541,458	C	Water Treatment	$ -	$ -	$ 541,458	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 541,458	$ -
Transportation		$ -	C	Water Treatment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Supplies and Services		$ 1,258,180	C	Water Treatment	$ -	$ -	$ 1,258,180	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,258,180	$ -
		$ 1,799,638			$ -	$ -	$ 1,799,638	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,799,638	$ -
Total Water Treatment Expense		**$ 21,998,645**			**$ -**	**$ -**	**$ 21,998,645**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 21,998,645**	**$ -**
Transmission & Distribution Expense																	
Operating Expense																	
Purchased water		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fuel and power		$ 28,693	1	T/D Oper. Expense	$ -	$ -	$ -	$ 1,977	$ 2,849	$ -	$ 23,868	$ -	$ -	$ -	$ -	$ 28,693	$ -
Chemicals		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Waste disposal		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Salaries and wages	Labor	$ 1,332,514	1	T/D Oper. Expense	$ -	$ -	$ -	$ 91,808	$ 132,292	$ -	$ 1,108,415	$ -	$ -	$ -	$ -	$ 1,332,514	$ -
Employee Benefits		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pension expense		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB expense		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Group insurance expense		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other benefits		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Support Services		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contracted services		$ 1,111,476	1	T/D Oper. Expense	$ -	$ -	$ -	$ 76,579	$ 110,347	$ -	$ 924,550	$ -	$ -	$ -	$ -	$ 1,111,476	$ -
Building Maintenance and Services		$ 197,344	1	T/D Oper. Expense	$ -	$ -	$ -	$ 13,597	$ 19,592	$ -	$ 164,155	$ -	$ -	$ -	$ -	$ 197,344	$ -
Telecommunication expenses		$ 291	1	T/D Oper. Expense	$ -	$ -	$ -	$ 20	$ 29	$ -	$ 242	$ -	$ -	$ -	$ -	$ 291	$ -
Postage, printing and stationary		$ 201	1	T/D Oper. Expense	$ -	$ -	$ -	$ 14	$ 20	$ -	$ 167	$ -	$ -	$ -	$ -	$ 201	$ -
Office supplies and services		$ 119,902	1	T/D Oper. Expense	$ -	$ -	$ -	$ 8,261	$ 11,904	$ -	$ 99,737	$ -	$ -	$ -	$ -	$ 119,902	$ -
Advertising & marketing expenses		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employee related expense travel & entertainment		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ 314,853	1	T/D Oper. Expense	$ -	$ -	$ -	$ 21,693	$ 31,258	$ -	$ 261,902	$ -	$ -	$ -	$ -	$ 314,853	$ -
Rents		$ 23,513	1	T/D Oper. Expense	$ -	$ -	$ -	$ 1,620	$ 2,334	$ -	$ 19,558	$ -	$ -	$ -	$ -	$ 23,513	$ -
Transportation		$ -	1	T/D Oper. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 3,128,786			$ -	$ -	$ -	$ 215,568	$ 310,625	$ -	$ 2,602,592	$ -	$ -	$ -	$ -	$ 3,128,786	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ 2,652,932	2	T/D Maint.. Expense	$ -	$ -	$ -	$ 512,129	$ 737,955	$ -	$ 734,944	$ 620,245	$ -	$ -	$ 47,659	$ 2,652,932	$ -
Contracted Services		$ -	2	T/D Maint.. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Services - Other		$ -	2	T/D Maint.. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation		$ -	2	T/D Maint.. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Supplies and Services		$ 1,544,562	2	T/D Maint.. Expense	$ -	$ -	$ -	$ 298,166	$ 429,645	$ -	$ 427,891	$ 361,112	$ -	$ -	$ 27,747	$ 1,544,562	$ -
Miscellaneous expenses		$ -	2	T/D Maint.. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials & Supplies		$ -	2	T/D Maint.. Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 4,197,493			$ -	$ -	$ -	$ 810,295	$ 1,167,600	$ -	$ 1,162,835	$ 981,357	$ -	$ -	$ 75,406	$ 4,197,493	$ -
Total T&D Expense		**$ 7,326,279**			**$ -**	**$ -**	**$ -**	**$ 1,025,864**	**$ 1,478,224**	**$ -**	**$ 3,765,428**	**$ 981,357**	**$ -**	**$ -**	**$ 75,406**	**$ 7,326,279**	**$ -**
General Mains Expense																	
Operations																	
Salaries and Wages	Labor	$ 358,899	K	Mains	$ -	$ -	$ -	$ 147,032	$ 211,867	$ -	$ -	$ -	$ -	$ -	$ -	$ 358,899	$ -
Miscellaneous expenses		$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 358,899			$ -	$ -	$ -	$ 147,032	$ 211,867	$ -	$ -	$ -	$ -	$ -	$ -	$ 358,899	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ 356,649	K	Mains	$ -	$ -	$ -	$ 146,110	$ 210,539	$ -	$ -	$ -	$ -	$ -	$ -	$ 356,649	$ -
Miscellaneous expenses		$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 356,649			$ -	$ -	$ -	$ 146,110	$ 210,539	$ -	$ -	$ -	$ -	$ -	$ -	$ 356,649	$ -
General Mains Expense		**$ 715,548**			**$ -**	**$ -**	**$ -**	**$ 293,143**	**$ 422,406**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 715,548**	**$ -**
Storage Expense																	
Operating Expense																	
Salaries and Wages	Labor	$ -	F	Storage	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	F	Storage	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ -	F	Storage	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	F	Storage	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Storage Expense		**$ -**			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Meter Expense																	
Operating Expense																	
Salaries and Wages	Labor	$ 1,775,144	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,775,144	$ -	$ -	$ -	$ -	$ 1,775,144	$ -
Miscellaneous expenses		$ -	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 1,775,144			$ -	$ -	$ -	$ -	$ -	$ -	$ 1,775,144	$ -	$ -	$ -	$ -	$ 1,775,144	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ 209,679	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 209,679	$ -	$ -	$ -	$ -	$ 209,679	$ -
Miscellaneous expenses		$ -	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 209,679			$ -	$ -	$ -	$ -	$ -	$ -	$ 209,679	$ -	$ -	$ -	$ -	$ 209,679	$ -

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

			Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Total Meter Expense		**$ 1,984,824**			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,984,824**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,984,824**	**$ -**
Service Expense																	
Operating Expense																	
Salaries and Wages	Labor	$ -	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ 176,956	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 176,956	$ -	$ -	$ -	$ 176,956	$ -
Miscellaneous expenses		$ -	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 176,956			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 176,956	$ -	$ -	$ -	$ 176,956	$ -
Total Service Expense		**$ 176,956**			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 176,956**	**$ -**	**$ -**	**$ -**	**$ 176,956**	**$ -**
Hydrant Expense																	
Maintenance Expense																	
Salaries and Wages	Labor	$ 109,504	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 95,907	$ 13,597	$ 109,504	$ -
Miscellaneous expenses		$ -	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 109,504			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 95,907	$ 13,597	$ 109,504	$ -
Hydrant Expense		**$ 109,504**			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 95,907**	**$ 13,597**	**$ 109,504**	**$ -**
Customer Accounts																	
Salaries and wages	Labor	$ 1,502,313	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,502,313	$ -	$ -	$ 1,502,313	$ -
Employee Benefits		$ -	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contracted Services		$ -	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Telecommunication expenses		$ 1,374	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,374	$ -	$ -	$ 1,374	$ -
Office supplies and services		$ -	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Uncollectible accounts expense		$ 995,944	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 995,944	$ -	$ -	$ 995,944	$ -
Other Benefits		$ 2,489	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,489	$ -	$ -	$ 2,489	$ -
Customer accounting, other		$ 239,559	I	Customers	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 239,559	$ -	$ -	$ 239,559	$ -
		$ 2,741,679			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,741,679	$ -	$ -	$ 2,741,679	$ -
Total Customer Accounting Expense		**$ 2,741,679**			**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,741,679**	**$ -**	**$ -**	**$ 2,741,679**	**$ -**
Administrative & General Expense																	
Operating Expense																	
Fuel and Power		$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Salaries and Wages	Labor	$ (4,014,599)	4	Labor	$ -	$ -	$ (2,025,167)	$ (242,645)	$ (349,640)	$ -	$ (889,644)	$ (144,141)	$ (349,127)	$ -	$ (14,235)	$ (4,014,599)	$ -
Employee Benefits		$ -	4	Labor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pension Expense		$ 101,814	4	Labor	$ -	$ -	$ 51,360	$ 6,154	$ 8,867	$ -	$ 22,562	$ 3,656	$ 8,854	$ -	$ 361	$ 101,814	$ -
OPEB Expense		$ (593,498)	4	Labor	$ -	$ -	$ (299,390)	$ (35,871)	$ (51,689)	$ -	$ (131,520)	$ (21,309)	$ (51,613)	$ -	$ (2,104)	$ (593,498)	$ -
Group insurance expense		$ 2,670,470	4	Labor	$ -	$ -	$ 1,347,120	$ 161,405	$ 232,577	$ -	$ 591,782	$ 95,881	$ 232,236	$ -	$ 9,469	$ 2,670,470	$ -
Other Benefits		$ 1,113,574	4	Labor	$ -	$ -	$ 561,743	$ 67,305	$ 96,984	$ -	$ 246,770	$ 39,982	$ 96,841	$ -	$ 3,949	$ 1,113,574	$ -
Support Services		$ 15,824,487	3	Fixed O&M	$ 201,989	$ 5,488	$ 7,091,058	$ 868,427	$ 1,251,365	$ -	$ 3,775,882	$ 763,772	$ 1,807,817	$ -	$ 58,687	$ 15,824,487	$ -
Contracted services		$ 898,584	3	Fixed O&M	$ 11,470	$ 312	$ 402,661	$ 49,313	$ 71,058	$ -	$ 214,411	$ 43,370	$ 102,656	$ -	$ 3,333	$ 898,584	$ -
Building Maintenance and Services		$ 606,533	3	Fixed O&M	$ 7,742	$ 210	$ 271,792	$ 33,286	$ 47,963	$ -	$ 144,725	$ 29,274	$ 69,291	$ -	$ 2,249	$ 606,533	$ -
Telecommunication expenses		$ 308,824	3	Fixed O&M	$ 3,942	$ 107	$ 138,386	$ 16,948	$ 24,421	$ -	$ 73,688	$ 14,905	$ 35,281	$ -	$ 1,145	$ 308,824	$ -
Postage, printing and stationary		$ 5,494	3	Fixed O&M	$ 70	$ 2	$ 2,462	$ 302	$ 434	$ -	$ 1,311	$ 265	$ 628	$ -	$ 20	$ 5,494	$ -
Office supplies and services		$ 362,439	3	Fixed O&M	$ 4,626	$ 126	$ 162,411	$ 19,890	$ 28,661	$ -	$ 86,482	$ 17,493	$ 41,406	$ -	$ 1,344	$ 362,439	$ -
Employee related expense travel & entertainment		$ 245,741	4	Labor	$ -	$ -	$ 123,964	$ 14,853	$ 21,402	$ -	$ 54,457	$ 8,823	$ 21,371	$ -	$ 871	$ 245,741	$ -
Miscellaneous expenses		$ 180,065	3	Fixed O&M	$ 2,298	$ 62	$ 80,688	$ 9,882	$ 14,239	$ -	$ 42,965	$ 8,691	$ 20,571	$ -	$ 668	$ 180,065	$ -
Rents		$ 14,419	3	Fixed O&M	$ 184	$ 5	$ 6,461	$ 791	$ 1,140	$ -	$ 3,441	$ 696	$ 1,647	$ -	$ 53	$ 14,419	$ -
Transportation		$ 609,980	3	Fixed O&M	$ 7,786	$ 212	$ 273,336	$ 33,475	$ 48,236	$ -	$ 145,547	$ 29,441	$ 69,685	$ -	$ 2,262	$ 609,980	$ -
Regulatory expense		$ 714,681	3	Fixed O&M	$ 9,122	$ 248	$ 320,253	$ 39,221	$ 56,515	$ -	$ 170,530	$ 34,494	$ 81,646	$ -	$ 2,650	$ 714,681	$ -
Insurance other than group		$ 2,859,882	3	Fixed O&M	$ 36,505	$ 992	$ 1,281,532	$ 156,947	$ 226,153	$ -	$ 682,397	$ 138,033	$ 326,718	$ -	$ 10,606	$ 2,859,882	$ -
		$ 21,908,888			$ 285,735	$ 7,763	$ 9,790,671	$ 1,199,681	$ 1,728,688	$ -	$ 5,235,786	$ 1,063,327	$ 2,515,907	$ -	$ 81,329	$ 21,908,888	$ -
Maintenance Expense																	
Salaries and Wages	Labor	$ -	4	Labor	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transportation		$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Services - Eng		$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contract Services - Other		$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous expenses		$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Maintenance supplies and services		$ 83,917	3	Fixed O&M	$ 1,071	$ 29	$ 37,604	$ 4,605	$ 6,636	$ -	$ 20,023	$ 4,050	$ 9,587	$ -	$ 311	$ 83,917	$ -
		$ 83,917			$ 1,071	$ 29	$ 37,604	$ 4,605	$ 6,636	$ -	$ 20,023	$ 4,050	$ 9,587	$ -	$ 311	$ 83,917	$ -
Total A&G Expense		**$ 21,992,805**			**$ 286,806**	**$ 7,792**	**$ 9,828,275**	**$ 1,204,286**	**$ 1,735,324**	**$ -**	**$ 5,255,809**	**$ 1,067,378**	**$ 2,525,494**	**$ -**	**$ 81,641**	**$ 21,992,805**	**$ -**
Total Operations & Maintenance Exp. (KY Water)		**$ 59,805,798**			**$ 2,340,943**	**$ 713,213**	**$ 31,826,920**	**$ 2,523,293**	**$ 3,635,954**	**$ -**	**$ 11,006,061**	**$ 2,225,690**	**$ 5,267,173**	**$ 95,907**	**$ 170,643**	**$ 59,805,798**	**$ -**

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

			Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Taxes Other Than Income Tax																	
Property Taxes		$ 10,401,876	5	Net Plant (less gen. and int.)	$ 727,001	$ 408,858	$ 1,603,064	$ 2,039,796	$ 3,983,664	$ 137,276	$ 872,569	$ 558,119	$ -	$ -	$ 71,528	$ 10,401,876	$ -
Payroll Taxes	Labor	$ 993,342	4	Labor	$ -	$ -	$ 501,092	$ 60,038	$ 86,512	$ -	$ 220,127	$ 35,665	$ 86,385	$ -	$ 3,522	$ 993,342	$ -
Utility Reg Assessment		$ 373,714	6	Rate Base	$ 27,736	$ 15,383	$ 74,593	$ 68,896	$ 138,544	$ 5,161	$ 31,041	$ 6,448	$ 3,591	$ -	$ 2,321	$ 373,714	$ -
Other Taxes		$ -	6	Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ 11,768,932			$ 754,737	$ 424,242	$ 2,178,749	$ 2,168,731	$ 4,208,720	$ 142,438	$ 1,123,736	$ 600,233	$ 89,976	$ -	$ 77,371	$ 11,768,932	$ -
Total Taxes Other Than Income Taxes (KY Water)		**$ 11,768,932**			**$ 754,737**	**$ 424,242**	**$ 2,178,749**	**$ 2,168,731**	**$ 4,208,720**	**$ 142,438**	**$ 1,123,736**	**$ 600,233**	**$ 89,976**	**$ -**	**$ 77,371**	**$ 11,768,932**	**$ -**
Plant Depreciation																	
Intangible Plant																	
Organization		$ -	5	Net Plant (less gen. and int.)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Franchises		$ -	5	Net Plant (less gen. and int.)													
Other P/E-Intangible		$ -	5	Net Plant (less gen. and int.)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other P/E-CPS		$ 426,683	5	Net Plant (less gen. and int.)	$ 29,821	$ 16,771	$ 65,757	$ 83,672	$ 163,409	$ 5,631	$ 35,793	$ 22,894	$ -	$ -	$ 2,934	$ 426,683	$ -
Source of Supply																	
Land & Land Rights-Supply		$ -	A	Source of Supply	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-Supply		$ 850,635	A	Source of Supply	$ 850,635	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 850,635	$ -
Collect & Impound Reservoirs		$ 10,732	A	Source of Supply	$ 10,732	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,732	$ -
Lake, River & Other Intakes		$ 76,295	A	Source of Supply	$ 76,295	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76,295	$ -
Supply Mains		$ 251,948	A	Source of Supply	$ 251,948	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 251,948	$ -
Pump Eqp-SOS & Pumping		$ 536,147	A	Source of Supply	$ 536,147	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 536,147	$ -
Water Pumping																	
Land & Land Rights-Pumping		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-Pumping		$ 202,428	B	Pumping	$ -	$ 202,428	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 202,428	$ -
Power Generation Equip		$ 183,406	B	Pumping	$ -	$ 183,406	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 183,406	$ -
Pumping Equipment		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pump Eqp Electric		$ 916,511	B	Pumping	$ -	$ 916,511	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 916,511	$ -
Pump Eqp Diesel		$ 14,628	B	Pumping	$ -	$ 14,628	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,628	$ -
Pump Eqp Hydraulic		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pump Eqp Other		$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Treatment																	
Land & Land Rights-Treatment		$ -	C	Water Treatment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-Treatment		$ 1,253,201	C	Water Treatment	$ -	$ -	$ 1,253,201	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,253,201	$ -
Pump Eqp Wtr Treatment		$ 140,443	C	Water Treatment	$ -	$ -	$ 140,443	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,443	$ -
WT Equip Non-Media		$ 2,028,572	C	Water Treatment	$ -	$ -	$ 2,028,572	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,028,572	$ -
WT Equip Filter Media		$ 85,895	C	Water Treatment	$ -	$ -	$ 85,895	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 85,895	$ -
T&D																	
Land & Land Rights-T&D		$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-T&D		$ 167,605	K	Mains	$ -	$ -	$ -	$ 68,664	$ 98,941	$ -	$ -	$ -	$ -	$ -	$ -	$ 167,605	$ -
Pumping Equipment TD		$ 79,504	K	Mains	$ -	$ -	$ -	$ 32,571	$ 46,933	$ -	$ -	$ -	$ -	$ -	$ -	$ 79,504	$ -
TD Mains Not Classified		$ 65,855	K	Mains	$ -	$ -	$ -	$ 26,979	$ 38,876	$ -	$ -	$ -	$ -	$ -	$ -	$ 65,855	$ -
TD Mains 4in & Less		$ 704,540	E	Distribution	$ -	$ -	$ -	$ -	$ 704,540	$ -	$ -	$ -	$ -	$ -	$ -	$ 704,540	$ -
TD Mains 6in to 8in		$ 4,074,527	E	Distribution	$ -	$ -	$ -	$ -	$ 4,074,527	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,074,527	$ -
TD Mains 10in to 16in		$ 1,375,445	D	Transmission	$ -	$ -	$ -	$ 1,375,445	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,375,445	$ -
TD Mains 18in & Grtr		$ 1,294,817	D	Transmission	$ -	$ -	$ -	$ 1,294,817	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,294,817	$ -
Storage																	
Dist Reservoirs & Standpipes		$ 37,868	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 37,868	$ -	$ -	$ -	$ -	$ -	$ 37,868	$ -
Elevated Tanks & Standpipes		$ 262,682	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 262,682	$ -	$ -	$ -	$ -	$ -	$ 262,682	$ -
Ground Level Tanks		$ 57,888	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 57,888	$ -	$ -	$ -	$ -	$ -	$ 57,888	$ -
Clearwell		$ 20,498	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 20,498	$ -	$ -	$ -	$ -	$ -	$ 20,498	$ -
Meters																	
Meters		$ 15,593,472	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,593,472	$ -	$ -	$ -	$ -	$ 15,593,472	$ -
Meters Bronze Case		$ 571,525	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 571,525	$ -	$ -	$ -	$ -	$ 571,525	$ -
Meters Plastic Case		$ 276,407	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 276,407	$ -	$ -	$ -	$ -	$ 276,407	$ -
Meters Other		$ 1,608,122	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,608,122	$ -	$ -	$ -	$ -	$ 1,608,122	$ -
Meter Reading Units		$ 174,195	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 174,195	$ -	$ -	$ -	$ -	$ 174,195	$ -
Meter Installations		$ 713,326	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 713,326	$ -	$ -	$ -	$ -	$ 713,326	$ -
Meter Vaults		$ 103,973	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 103,973	$ -	$ -	$ -	$ -	$ 103,973	$ -
Services																	
Services		$ 2,484,925	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,484,925	$ -	$ -	$ -	$ 2,484,925	$ -
Hydrants																	
Hydrants		$ 1,159,984	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,015,951	$ 144,034	$ 1,159,984	$ -

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

		Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
General Plant																
Struct & Imp-General	$ 821,132	3	Fixed O&M	$ 10,481	$ 285	$ 367,955	$ 45,063	$ 64,933	$ -	$ 195,930	$ 39,632	$ 93,808	$ -	$ 3,045	$ 821,132	$ -
Struct & Imp-Offices	$ 89,456	3	Fixed O&M	$ 1,142	$ 31	$ 40,086	$ 4,909	$ 7,074	$ -	$ 21,345	$ 4,318	$ 10,220	$ -	$ 332	$ 89,456	$ -
Struct & Imp-HVAC	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-Store,Shop,Gar	$ 33,593	3	Fixed O&M	$ 429	$ 12	$ 15,053	$ 1,844	$ 2,656	$ -	$ 8,016	$ 1,621	$ 3,838	$ -	$ 125	$ 33,593	$ -
Struct & Imp-Misc	$ 64,333	3	Fixed O&M	$ 821	$ 22	$ 28,828	$ 3,531	$ 5,087	$ -	$ 15,351	$ 3,105	$ 7,350	$ -	$ 239	$ 64,333	$ -
Office Furniture & Equip	$ 48,456	3	Fixed O&M	$ 619	$ 17	$ 21,713	$ 2,659	$ 3,832	$ -	$ 11,562	$ 2,339	$ 5,536	$ -	$ 180	$ 48,456	$ -
Comp & Periph Equip	$ 4,540	3	Fixed O&M	$ 58	$ 2	$ 2,034	$ 249	$ 359	$ -	$ 1,083	$ 219	$ 519	$ -	$ 17	$ 4,540	$ -
Comp & Periph Mainframe	$ (1,360)	3	Fixed O&M	$ (17)	$ (0)	$ (610)	$ (75)	$ (108)	$ -	$ (325)	$ (66)	$ (155)	$ -	$ (5)	$ (1,360)	$ -
Comp & Periph Personal	$ 181,090	3	Fixed O&M	$ 2,312	$ 63	$ 81,148	$ 9,938	$ 14,320	$ -	$ 43,210	$ 8,740	$ 20,688	$ -	$ 672	$ 181,090	$ -
Comp & Periph Other	$ 459,036	3	Fixed O&M	$ 5,859	$ 159	$ 205,697	$ 25,191	$ 36,300	$ -	$ 109,531	$ 22,155	$ 52,441	$ -	$ 1,702	$ 459,036	$ -
Comp & Periph Capital Lease	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Computer Software	$ 2,770,863	3	Fixed O&M	$ 35,368	$ 961	$ 1,241,642	$ 152,061	$ 219,114	$ -	$ 661,156	$ 133,736	$ 316,548	$ -	$ 10,276	$ 2,770,863	$ -
Comp Software Spec Depr Rat	$ (100,862)	3	Fixed O&M	$ (1,287)	$ (35)	$ (45,197)	$ (5,535)	$ (7,976)	$ -	$ (24,067)	$ (4,868)	$ (11,523)	$ -	$ (374)	$ (100,862)	$ -
Comp Software Personal	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Comp Software Customized	$ (3,121)	3	Fixed O&M	$ (40)	$ (1)	$ (1,399)	$ (171)	$ (247)	$ -	$ (745)	$ (151)	$ (357)	$ -	$ (12)	$ (3,121)	$ -
Comp Software Other	$ 10,437	3	Fixed O&M	$ 133	$ 4	$ 4,677	$ 573	$ 825	$ -	$ 2,490	$ 504	$ 1,192	$ -	$ 39	$ 10,437	$ -
Other Office Equipment	$ 17,557	3	Fixed O&M	$ 224	$ 6	$ 7,867	$ 964	$ 1,388	$ -	$ 4,189	$ 847	$ 2,006	$ -	$ 65	$ 17,557	$ -
Trans Equip Lt Duty Trks	$ 226,580	3	Fixed O&M	$ 2,892	$ 79	$ 101,532	$ 12,434	$ 17,917	$ -	$ 54,064	$ 10,936	$ 25,885	$ -	$ 840	$ 226,580	$ -
Trans Equip Hvy Duty Trks	$ 133,270	3	Fixed O&M	$ 1,701	$ 46	$ 59,719	$ 7,314	$ 10,539	$ -	$ 31,800	$ 6,432	$ 15,225	$ -	$ 494	$ 133,270	$ -
Trans Equip Autos	$ 46,498	3	Fixed O&M	$ 594	$ 16	$ 20,836	$ 2,552	$ 3,677	$ -	$ 11,095	$ 2,244	$ 5,312	$ -	$ 172	$ 46,498	$ -
Trans Equip Other	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Stores Equipment	$ 16,447	3	Fixed O&M	$ 210	$ 6	$ 7,370	$ 903	$ 1,301	$ -	$ 3,924	$ 794	$ 1,879	$ -	$ 61	$ 16,447	$ -
Tools,Shop,Garage Equip	$ 345,342	3	Fixed O&M	$ 4,408	$ 120	$ 154,750	$ 18,952	$ 27,309	$ -	$ 82,402	$ 16,668	$ 39,452	$ -	$ 1,281	$ 345,342	$ -
Laboratory Equipment	$ 147,815	C	Water Treatment	$ -	$ -	$ 147,815	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,815	$ -
Power Operated Equipment	$ 28,010	3	Fixed O&M	$ 358	$ 10	$ 12,551	$ 1,537	$ 2,215	$ -	$ 6,683	$ 1,352	$ 3,200	$ -	$ 104	$ 28,010	$ -
Comm Equip Non-Telephone	$ 218,706	3	Fixed O&M	$ 2,792	$ 76	$ 98,004	$ 12,002	$ 17,295	$ -	$ 52,185	$ 10,556	$ 24,985	$ -	$ 811	$ 218,706	$ -
Remote Control & Instrument	$ 11,379	3	Fixed O&M	$ 145	$ 4	$ 5,099	$ 624	$ 900	$ -	$ 2,715	$ 549	$ 1,300	$ -	$ 42	$ 11,379	$ -
Comm Equip Telephone	$ 401,621	3	Fixed O&M	$ 5,126	$ 139	$ 179,969	$ 22,040	$ 31,759	$ -	$ 95,831	$ 19,384	$ 45,882	$ -	$ 1,489	$ 401,621	$ -
Misc Equipment	$ 867	3	Fixed O&M	$ 11	$ 0	$ 389	$ 48	$ 69	$ -	$ 207	$ 42	$ 99	$ -	$ 3	$ 867	$ -
Other Tangible Property	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquisitions	$ 641,237	5	Net Plant (less gen. and int.)	$ 44,817	$ 25,205	$ 98,823	$ 125,746	$ 245,578	$ 8,463	$ 53,791	$ 34,406	$ -	$ -	$ 4,409	$ 641,237	$ -
Plant Depreciation (KY Water)	$ 44,417,603			$ 1,874,733	$ 1,360,969	$ 6,430,222	$ 3,327,500	$ 5,833,343	$ 393,030	$ 20,520,236	$ 2,823,315	$ 665,329	$ 1,015,951	$ 172,976	$ 44,417,603	$ -
CIAC-NT Mains	$ (449,367)	K	Mains	$ -	$ -	$ -	$ (184,095)	$ (265,272)	$ -	$ -	$ -	$ -	$ -	$ -	$ (449,367)	$ -
CIAC-NT Ext Dep	$ (375,702)	K	Mains	$ -	$ -	$ -	$ (153,916)	$ (221,786)	$ -	$ -	$ -	$ -	$ -	$ -	$ (375,702)	$ -
CIAC-NT Svcs	$ (316,566)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (316,566)	$ -	$ -	$ -	$ (316,566)	$ -
CIAC-NT Meters	$ (4,007,454)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,007,454)	$ -	$ -	$ -	$ -	$ (4,007,454)	$ -
CIAC-NT Hydrants	$ (101,395)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (88,805)	$ (12,590)	$ (101,395)	$ -
CIAC-NT Other	$ (163,541)	K	Mains	$ -	$ -	$ -	$ (66,999)	$ (96,542)	$ -	$ -	$ -	$ -	$ -	$ -	$ (163,541)	$ -
CIAC-NT WIP	$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CIAC-NT NUP Property	$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CIAC-Tax Mains	$ (76,695)	K	Mains	$ -	$ -	$ -	$ (31,420)	$ (45,275)	$ -	$ -	$ -	$ -	$ -	$ -	$ (76,695)	$ -
CIAC-Tax Ext Dep	$ (32,292)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (32,292)	$ -	$ -	$ -	$ (32,292)	$ -
CIAC-Tax Svcs	$ (745,103)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (745,103)	$ -	$ -	$ -	$ (745,103)	$ -
CIAC-Tax Meters	$ (146,257)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (146,257)	$ -	$ -	$ -	$ -	$ (146,257)	$ -
CIAC-Tax Hydrants	$ (24,576)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (21,524)	$ (3,052)	$ (24,576)	$ -
CIAC-Tax Other	$ (19,706)	K	Mains	$ -	$ -	$ -	$ (8,073)	$ (11,633)	$ -	$ -	$ -	$ -	$ -	$ -	$ (19,706)	$ -
CIAC-Tax WIP	$ -	K	Mains	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CIAC-Taxable - Mains FIT	$ (7,666)	K	Mains	$ -	$ -	$ -	$ (3,141)	$ (4,526)	$ -	$ -	$ -	$ -	$ -	$ -	$ (7,666)	$ -
CIAC-Taxable - Extension Deposits - FIT	$ (131)	K	Mains	$ -	$ -	$ -	$ (54)	$ (77)	$ -	$ -	$ -	$ -	$ -	$ -	$ (131)	$ -
CIAC-Taxable - Services FIT	$ (102,577)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (102,577)	$ -	$ -	$ -	$ (102,577)	$ -
CIAC-Taxable - Meters FIT	$ (15,734)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (15,734)	$ -	$ -	$ -	$ -	$ (15,734)	$ -
CIAC-Taxable - Hydrants FIT	$ (2,627)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,301)	$ (326)	$ (2,627)	$ -
CIAC-Taxable - Other FIT	$ (64)	K	Mains	$ -	$ -	$ -	$ (26)	$ (38)	$ -	$ -	$ -	$ -	$ -	$ -	$ (64)	$ -
AccAmort CIAC-Other	$ -															
AccAmort CIAC-Tax	$ -															
Amortization of CIAC (KY Water)	$ (6,587,452)			$ -	$ -	$ -	$ (447,723)	$ (645,149)	$ -	$ (4,169,444)	$ (1,196,538)	$ -	$ (112,630)	$ (15,968)	$ (6,587,452)	$ -
Total Depreciation Expense (KY Water)	**$ 37,830,151**			**$ 1,874,733**	**$ 1,360,969**	**$ 6,430,222**	**$ 2,879,777**	**$ 5,188,195**	**$ 393,030**	**$ 16,350,792**	**$ 1,626,776**	**$ 665,329**	**$ 903,320**	**$ 157,008**	**$ 37,830,151**	**$ -**
Total Depreciation Expense	**$ 37,830,151**			**$ 1,874,733**	**$ 1,360,969**	**$ 6,430,222**	**$ 2,879,777**	**$ 5,188,195**	**$ 393,030**	**$ 16,350,792**	**$ 1,626,776**	**$ 665,329**	**$ 903,320**	**$ 157,008**	**$ 37,830,151**	**$ -**
Amortization Expense																
Amortization - Capital Leases	$ -	6	Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization - Reg Asset AFUDC	$ -	6	Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization - UPAA	$ (80,108)	6	Rate Base	$ (5,945)	$ (3,298)	$ (15,990)	$ (14,768)	$ (29,698)	$ (1,106)	$ (6,654)	$ (1,382)	$ (770)	$ -	$ (497)	$ (80,108)	$ -
Amortization Prop Losses	$ 57,080	6	Rate Base	$ 4,236	$ 2,350	$ 11,393	$ 10,523	$ 21,161	$ 788	$ 4,741	$ 985	$ 548	$ -	$ 354	$ 57,080	$ -
Total Amortization Expense (KY Water)	$ (23,028)			$ (1,709)	$ (948)	$ (4,596)	$ (4,245)	$ (8,537)	$ (318)	$ (1,913)	$ (397)	$ (221)	$ -	$ (143)	$ (23,028)	$ -
Total Amortization Expense	**$ (23,028)**			**$ (1,709)**	**$ (948)**	**$ (4,596)**	**$ (4,245)**	**$ (8,537)**	**$ (318)**	**$ (1,913)**	**$ (397)**	**$ (221)**	**$ -**	**$ (143)**	**$ (23,028)**	**$ -**

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

		Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Income Taxes																
Federal Income Tax	$ 1,810,446	6	Rate Base	$ 134,364	$ 74,525	$ 361,363	$ 333,764	$ 671,174	$ 25,004	$ 150,375	$ 31,239	$ 17,396	$ -	$ 11,242	$ 1,810,446	$ -
State Income Tax	$ 6,049,063	6	Rate Base	$ 448,936	$ 249,002	$ 1,207,386	$ 1,115,174	$ 2,242,526	$ 83,544	$ 502,435	$ 104,375	$ 58,124	$ -	$ 37,561	$ 6,049,063	$ -
Deferred Income Taxes	$ -	6	Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ITC Restored	$ -	6	Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Income Taxes (KY Water)	$ 7,859,508			$ 583,300	$ 323,526	$ 1,568,749	$ 1,448,938	$ 2,913,700	$ 108,549	$ 652,810	$ 135,614	$ 75,520	$ -	$ 48,802	$ 7,859,508	$ -
Total Income Tax Expense	**$ 7,859,508**			**$ 583,300**	**$ 323,526**	**$ 1,568,749**	**$ 1,448,938**	**$ 2,913,700**	**$ 108,549**	**$ 652,810**	**$ 135,614**	**$ 75,520**	**$ -**	**$ 48,802**	**$ 7,859,508**	$ -
Required Net Operating Income (KY Water)	$ 62,927,349	6	Rate Base	$ 4,670,207	$ 2,590,320	$ 12,560,226	$ 11,600,957	$ 23,328,613	$ 869,097	$ 5,226,740	$ 1,085,793	$ 604,657	$ -	$ 390,738	$ 62,927,349	$ -
Required Net Operating Income	$ 62,927,349			$ 4,670,207	$ 2,590,320	$ 12,560,226	$ 11,600,957	$ 23,328,613	$ 869,097	$ 5,226,740	$ 1,085,793	$ 604,657	$ -	$ 390,738	$ 62,927,349	$ -
Total Revenue Requirement (KY Water)	**$ 180,168,710**			**$ 10,222,212**	**$ 5,411,322**	**$ 54,560,269**	**$ 20,617,451**	**$ 39,266,645**	**$ 1,512,795**	**$ 34,358,226**	**$ 5,673,709**	**$ 6,702,434**	**$ 999,228**	**$ 844,420**	**$ 180,168,710**	$ -
Other Operating Revenue (KY Water)	$ (2,562,964)	6	Rate Base	$ (190,213)	$ (105,501)	$ (511,565)	$ (472,495)	$ (950,150)	$ (35,397)	$ (212,880)	$ (44,223)	$ (24,627)	$ -	$ (15,914)	$ (2,562,964)	$ -
Total Retail Revenue Requirement (KY Water)	**$ 177,605,745**			**$ 10,031,999**	**$ 5,305,821**	**$ 54,048,705**	**$ 20,144,956**	**$ 38,316,495**	**$ 1,477,398**	**$ 34,145,346**	**$ 5,629,486**	**$ 6,677,807**	**$ 999,228**	**$ 828,505**	**$ 177,605,745**	$ -
Total Revenue Requirement (KY Water)	**$ 180,168,710**															

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

		Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Plant Account																
Intangible Plant																
Organization	$ 37,450	5	Net Plant (less gen. and int.)	$ 2,617	$ 1,472	$ 5,772	$ 7,344	$ 14,343	$ 494	$ 3,142	$ 2,009	$ -	$ -	$ 258	$ 37,450	$ -
Franchises	$ 70,261	5	Net Plant (less gen. and int.)	$ 4,911	$ 2,762	$ 10,828	$ 13,778	$ 26,908	$ 927	$ 5,894	$ 3,770	$ -	$ -	$ 483	$ 70,261	$ -
Other P/E-Intangible	$ -	5	Net Plant (less gen. and int.)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other P/E-CPS	$ 3,198,678	5	Net Plant (less gen. and int.)	$ 223,560	$ 125,728	$ 492,958	$ 627,257	$ 1,225,015	$ 42,214	$ 268,323	$ 171,627	$ -	$ -	$ 21,996	$ 3,198,678	$ -
Source of Supply																
Land & Land Rights-Supply	$ 4,831,619	A	Source of Supply	$ 4,831,619	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,831,619	$ -
Struct & Imp-Supply	$ 25,527,595	A	Source of Supply	$ 25,527,595	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,527,595	$ -
Collect & Impound Reservoirs	$ 435,653	A	Source of Supply	$ 435,653	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 435,653	$ -
Lake, River & Other Intakes	$ 3,484,421	A	Source of Supply	$ 3,484,421	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,484,421	$ -
Supply Mains	$ 13,364,519	A	Source of Supply	$ 13,364,519	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,364,519	$ -
Pump Eqp-SOS & Pumping	$ 10,964,759	A	Source of Supply	$ 10,964,759	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,964,759	$ -
Water Pumping																
Land & Land Rights-Pumping	$ 277,216	B	Pumping	$ -	$ 277,216	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 277,216	$ -
Struct & Imp-Pumping	$ 9,804,129	B	Pumping	$ -	$ 9,804,129	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,804,129	$ -
Power Generation Equip	$ 3,317,054	B	Pumping	$ -	$ 3,317,054	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,317,054	$ -
Pumping Equipment	$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Pump Eqp Electric	$ 19,435,715	B	Pumping	$ -	$ 19,435,715	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,435,715	$ -
Pump Eqp Diesel	$ 128,249	B	Pumping	$ -	$ 128,249	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 128,249	$ -
Pump Eqp Hydraulic	$ (1,477)	B	Pumping	$ -	$ (1,477)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,477)	$ -
Pump Eqp Other	$ -	B	Pumping	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Treatment															$ -	$ -
Land & Land Rights-Treatment	$ 800,183	C	Water Treatment	$ -	$ -	$ 800,183	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 800,183	$ -
Struct & Imp-Treatment	$ 60,759,829	C	Water Treatment	$ -	$ -	$ 60,759,829	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,759,829	$ -
Pump Eqp Wtr Treatment	$ 5,347,185	C	Water Treatment	$ -	$ -	$ 5,347,185	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,347,185	$ -
WT Equip Non-Media	$ 62,179,763	C	Water Treatment	$ -	$ -	$ 62,179,763	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 62,179,763	$ -
WT Equip Filter Media	$ 147,072	C	Water Treatment	$ -	$ -	$ 147,072	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,072	$ -
															$ -	$ -
T&D															$ -	$ -
Land & Land Rights-T&D	$ 7,549,865	K	Mains	$ -	$ -	$ -	$ 3,092,995	$ 4,456,869	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,549,865	$ -
Struct & Imp-T&D	$ 4,993,928	K	Mains	$ -	$ -	$ -	$ 2,045,890	$ 2,948,037	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,993,928	$ -
Pumping Equipment TD	$ 1,991,891	K	Mains	$ -	$ -	$ -	$ 816,029	$ 1,175,862	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,991,891	$ -
TD Mains Not Classified	$ 3,434,867	K	Mains	$ -	$ -	$ -	$ 1,407,181	$ 2,027,686	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,434,867	$ -
TD Mains 4in & Less	$ 46,587,511	E	Distribution	$ -	$ -	$ -	$ -	$ 46,587,511	$ -	$ -	$ -	$ -	$ -	$ -	$ 46,587,511	$ -
TD Mains 6in to 8in	$ 263,954,530	E	Distribution	$ -	$ -	$ -	$ -	$ 263,954,530	$ -	$ -	$ -	$ -	$ -	$ -	$ 263,954,530	$ -
TD Mains 10in to 16in	$ 85,281,093	D	Transmission	$ -	$ -	$ -	$ 85,281,093	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 85,281,093	$ -
TD Mains 18in & Grtr	$ 71,798,817	D	Transmission	$ -	$ -	$ -	$ 71,798,817	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,798,817	$ -
															$ -	$ -
Storage															$ -	$ -
Dist Reservoirs & Standpipes	$ 1,155,523	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 1,155,523	$ -	$ -	$ -	$ -	$ -	$ 1,155,523	$ -
Elevated Tanks & Standpipes	$ 7,099,547	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 7,099,547	$ -	$ -	$ -	$ -	$ -	$ 7,099,547	$ -
Ground Level Tanks	$ 2,090,585	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 2,090,585	$ -	$ -	$ -	$ -	$ -	$ 2,090,585	$ -
Clearwell	$ 721,132	F	Storage	$ -	$ -	$ -	$ -	$ -	$ 721,132	$ -	$ -	$ -	$ -	$ -	$ 721,132	$ -
															$ -	$ -
Meters															$ -	$ -
Meters	$ 40,784,227	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,784,227	$ -	$ -	$ -	$ -	$ 40,784,227	$ -
Meters Bronze Case	$ (559,633)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (559,633)	$ -	$ -	$ -	$ -	$ (559,633)	$ -
Meters Plastic Case	$ (132,068)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (132,068)	$ -	$ -	$ -	$ -	$ (132,068)	$ -
Meters Other	$ (1,524,989)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,524,989)	$ -	$ -	$ -	$ -	$ (1,524,989)	$ -
Meter Reading Units	$ 68,283	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,283	$ -	$ -	$ -	$ -	$ 68,283	$ -
Meter Installations	$ 26,645,400	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,645,400	$ -	$ -	$ -	$ -	$ 26,645,400	$ -
Meter Vaults	$ 5,062,526	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,062,526	$ -	$ -	$ -	$ -	$ 5,062,526	$ -
															$ -	$ -
Services															$ -	$ -
Services	$ 44,993,824	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,993,824	$ -	$ -	$ -	$ 44,993,824	$ -
															$ -	$ -
Hydrants															$ -	$ -
Hydrants	$ 46,439,824	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,673,460	$ 5,766,364	$ 46,439,824	$ -

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

		Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
General Plant																
Struct & Imp-General	$ 13,492,865	3	Fixed O&M	$ 172,228	$ 4,679	$ 6,046,243	$ 740,471	$ 1,066,986	$ -	$ 3,219,534	$ 651,236	$ 1,541,449	$ -	$ 50,040	$ 13,492,865	$ -
Struct & Imp-Offices	$ 3,214,786	3	Fixed O&M	$ 41,035	$ 1,115	$ 1,440,567	$ 176,423	$ 254,218	$ -	$ 767,080	$ 155,162	$ 367,263	$ -	$ 11,922	$ 3,214,786	$ -
Struct & Imp-HVAC	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Struct & Imp-Store,Shop,Gar	$ 1,181,882	3	Fixed O&M	$ 15,086	$ 410	$ 529,609	$ 64,860	$ 93,461	$ -	$ 282,009	$ 57,044	$ 135,020	$ -	$ 4,383	$ 1,181,882	$ -
Struct & Imp-Misc	$ 510,182	3	Fixed O&M	$ 6,512	$ 177	$ 228,616	$ 27,998	$ 40,344	$ -	$ 121,735	$ 24,624	$ 58,284	$ -	$ 1,892	$ 510,182	$ -
Office Furniture & Equip	$ 484,139	3	Fixed O&M	$ 6,180	$ 168	$ 216,946	$ 26,569	$ 38,285	$ -	$ 115,520	$ 23,367	$ 55,309	$ -	$ 1,795	$ 484,139	$ -
Comp & Periph Equip	$ 44,422	3	Fixed O&M	$ 567	$ 15	$ 19,906	$ 2,438	$ 3,513	$ -	$ 10,599	$ 2,144	$ 5,075	$ -	$ 165	$ 44,422	$ -
Comp & Periph Mainframe	$ 929	3	Fixed O&M	$ 12	$ 0	$ 416	$ 51	$ 73	$ -	$ 222	$ 45	$ 106	$ -	$ 3	$ 929	$ -
Comp & Periph Personal	$ 204,369	3	Fixed O&M	$ 2,609	$ 71	$ 91,579	$ 11,216	$ 16,161	$ -	$ 48,764	$ 9,864	$ 23,347	$ -	$ 758	$ 204,369	$ -
Comp & Periph Other	$ 1,557,551	3	Fixed O&M	$ 19,881	$ 540	$ 697,949	$ 85,476	$ 123,168	$ -	$ 371,647	$ 75,176	$ 177,937	$ -	$ 5,776	$ 1,557,551	$ -
Comp & Periph Capital Lease	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Computer Software	$ 10,688,455	3	Fixed O&M	$ 136,431	$ 3,707	$ 4,789,568	$ 586,569	$ 845,219	$ -	$ 2,550,373	$ 515,881	$ 1,221,068	$ -	$ 39,639	$ 10,688,455	$ -
Comp Software Spec Depr Rat	$ 68,868	3	Fixed O&M	$ 879	$ 24	$ 30,860	$ 3,779	$ 5,446	$ -	$ 16,433	$ 3,324	$ 7,868	$ -	$ 255	$ 68,868	$ -
Comp Software Personal	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Comp Software Customized	$ 3,218	3	Fixed O&M	$ 41	$ 1	$ 1,442	$ 177	$ 254	$ -	$ 768	$ 155	$ 368	$ -	$ 12	$ 3,218	$ -
Comp Software Other	$ 46,314	3	Fixed O&M	$ 591	$ 16	$ 20,754	$ 2,542	$ 3,662	$ -	$ 11,051	$ 2,235	$ 5,291	$ -	$ 172	$ 46,314	$ -
Other Office Equipment	$ 283,131	3	Fixed O&M	$ 3,614	$ 98	$ 126,873	$ 15,538	$ 22,389	$ -	$ 67,558	$ 13,665	$ 32,345	$ -	$ 1,050	$ 283,131	$ -
Trans Equip Lt Duty Trks	$ 3,428,093	3	Fixed O&M	$ 43,757	$ 1,189	$ 1,536,151	$ 188,129	$ 271,086	$ -	$ 817,978	$ 165,458	$ 391,631	$ -	$ 12,714	$ 3,428,093	$ -
Trans Equip Hvy Duty Trks	$ 4,604,747	3	Fixed O&M	$ 58,777	$ 1,597	$ 2,063,418	$ 252,703	$ 364,133	$ -	$ 1,098,739	$ 222,249	$ 526,054	$ -	$ 17,077	$ 4,604,747	$ -
Trans Equip Autos	$ 979,484	3	Fixed O&M	$ 12,502	$ 340	$ 438,913	$ 53,753	$ 77,455	$ -	$ 233,715	$ 47,275	$ 111,898	$ -	$ 3,633	$ 979,484	$ -
Trans Equip Other	$ 1,149,131	3	Fixed O&M	$ 14,668	$ 399	$ 514,933	$ 63,063	$ 90,871	$ -	$ 274,194	$ 55,463	$ 131,279	$ -	$ 4,262	$ 1,149,131	$ -
Stores Equipment	$ 271,137	3	Fixed O&M	$ 3,461	$ 94	$ 121,498	$ 14,880	$ 21,441	$ -	$ 64,696	$ 13,086	$ 30,975	$ -	$ 1,006	$ 271,137	$ -
Tools,Shop,Garage Equip	$ 3,938,882	3	Fixed O&M	$ 50,277	$ 1,366	$ 1,765,039	$ 216,161	$ 311,478	$ -	$ 939,857	$ 190,111	$ 449,985	$ -	$ 14,608	$ 3,938,882	$ -
Laboratory Equipment	$ 440,080	C	Water Treatment	$ -	$ -	$ 440,080	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 440,080	$ -
Power Operated Equipment	$ 1,515,908	3	Fixed O&M	$ 19,350	$ 526	$ 679,289	$ 83,191	$ 119,875	$ -	$ 361,711	$ 73,166	$ 173,180	$ -	$ 5,622	$ 1,515,908	$ -
Comm Equip Not Classified	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Comm Equip Non-Telephone	$ 2,281,859	3	Fixed O&M	$ 29,126	$ 791	$ 1,022,516	$ 125,225	$ 180,444	$ -	$ 544,475	$ 110,134	$ 260,684	$ -	$ 8,463	$ 2,281,859	$ -
Remote Control & Instrument	$ 3,965,875	3	Fixed O&M	$ 50,622	$ 1,375	$ 1,777,135	$ 217,642	$ 313,613	$ -	$ 946,298	$ 191,414	$ 453,068	$ -	$ 14,708	$ 3,965,875	$ -
Comm Equip Telephone	$ (351,448)	3	Fixed O&M	$ (4,486)	$ (122)	$ (157,486)	$ (19,287)	$ (27,792)	$ -	$ (83,859)	$ (16,963)	$ (40,150)	$ -	$ (1,303)	$ (351,448)	$ -
Misc Equipment	$ 5,421,281	3	Fixed O&M	$ 69,199	$ 1,880	$ 2,429,312	$ 297,513	$ 428,703	$ -	$ 1,293,572	$ 261,659	$ 619,337	$ -	$ 20,105	$ 5,421,281	$ -
Other Tangible Property	$ 215	3	Fixed O&M	$ 3	$ 0	$ 96	$ 12	$ 17	$ -	$ 51	$ 10	$ 25	$ -	$ 1	$ 215	$ -
Acquisitions	$ 9,418,220	5	Net Plant (less gen. and int.)	$ 658,252	$ 370,195	$ 1,451,470	$ 1,846,902	$ 3,606,947	$ 124,295	$ 790,054	$ 505,340	$ -	$ -	$ 64,764	$ 9,418,220	$ -
Net Utility Plant	$ 951,391,133			$ 60,250,828	$ 33,481,499	$ 158,067,284	$ 170,174,379	$ 330,688,213	$ 11,234,718	$ 85,485,878	$ 48,523,556	$ 6,738,696	$ 40,673,460	$ 6,072,622	$ 951,391,133	$ -
Additions to Rate Base																
Utility Plant Acquisition Adjustments	$ (869,242)	5	Net Plant (less gen. and int.)	$ (60,752)	$ (34,167)	$ (133,961)	$ (170,457)	$ (332,898)	$ (11,472)	$ (72,917)	$ (46,640)	$ -	$ -	$ (5,977)	$ (869,242)	$ -
Construction Work in Progress (CWIP)	$ -	5	Net Plant (less gen. and int.)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Working Capital(Water)	$ -	3	Fixed O&M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Materials and Supplies(Water)	$ 4,596,235	5	Net Plant (less gen. and int.)	$ 321,237	$ 180,661	$ 708,340	$ 901,317	$ 1,760,245	$ 60,658	$ 385,558	$ 246,614	$ -	$ -	$ 31,606	$ 4,596,235	$ -
Deferred Maintenance / Tank Painting	$ 10,086,905	5	Net Plant (less gen. and int.)	$ 704,987	$ 396,478	$ 1,554,523	$ 1,978,031	$ 3,863,037	$ 133,120	$ 846,147	$ 541,219	$ -	$ -	$ 69,362	$ 10,086,905	$ -
Deferred Debits	$ 770,581	5	Net Plant (less gen. and int.)	$ 53,857	$ 30,289	$ 118,757	$ 151,110	$ 295,114	$ 10,170	$ 64,641	$ 41,346	$ -	$ -	$ 5,299	$ 770,581	$ -
Total Additions	$ 14,584,479			$ 1,019,329	$ 573,261	$ 2,247,658	$ 2,860,000	$ 5,585,498	$ 192,475	$ 1,223,429	$ 782,539	$ -	$ -	$ 100,289	$ 14,584,479	$ -
Reductions to Rate Base																
Customer Advances for Construction																
Adv Constr-NT Mains	$ (9,023,380)	K	Mains	$ -	$ -	$ -	$ (3,696,659)	$ (5,326,722)	$ -	$ -	$ -	$ -	$ -	$ -	$ (9,023,380)	$ -
Adv Constr-NT ExtDep	$ (1,203,874)	K	Mains	$ -	$ -	$ -	$ (493,198)	$ (710,676)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,203,874)	$ -
Adv Constr-NT Services	$ (37,636)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (37,636)	$ -	$ -	$ -	$ (37,636)	$ -
Adv Constr-NT Meters	$ (11,973)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (11,973)	$ -	$ -	$ -	$ -	$ (11,973)	$ -
Adv Constr-NT Hydrants	$ (1,151,850)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,008,827)	$ (143,024)	$ (1,151,850)	$ -
Adv Constr-NT WIP	$ (1,663,708)	K	Mains	$ -	$ -	$ -	$ (681,580)	$ (982,127)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,663,708)	$ -
Adv Constr-Tax Mains	$ (5,040,138)	K	Mains	$ -	$ -	$ -	$ (2,064,821)	$ (2,975,316)	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,040,138)	$ -
Adv Constr-TaxExtDep	$ (687,969)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (687,969)	$ -	$ -	$ -	$ (687,969)	$ -
Adv Constr-Tax Svcs	$ (88,015)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (88,015)	$ -	$ -	$ -	$ (88,015)	$ -
Adv Constr-Tax Mtrs	$ (12,114)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (12,114)	$ -	$ -	$ -	$ -	$ (12,114)	$ -
Adv Constr-Tax Hydrants	$ (476,739)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (417,543)	$ (59,196)	$ (476,739)	$ -
Adv Constr-Tax Other	$ -															
Adv Constr-Tax WIP	$ 112,830															
Adv Constr-Tax SIT	$ -															
Adv Constr-Tax Mains	$ (4,501,552)	K	Mains	$ -	$ -	$ -	$ (1,844,176)	$ (2,657,376)	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,501,552)	$ -
Adv Constr-TaxExtDep	$ (85,956)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (85,956)	$ -	$ -	$ -	$ (85,956)	$ -
Adv Constr-Tax Svcs	$ (87,954)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (87,954)	$ -	$ -	$ -	$ (87,954)	$ -
Adv Constr-Tax Mtrs	$ (12,114)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (12,114)	$ -	$ -	$ -	$ -	$ (12,114)	$ -
Adv Constr-Tax Hydrants	$ (298,309)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (261,268)	$ (37,041)	$ (298,309)	$ -
Adv Constr-Rcls Curr	$ 1,260,233	K	Mains	$ -	$ -	$ -	$ 516,287	$ 743,946	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,233	$ -
Adv Constr-NT Curr	$ (1,260,233)	K	Mains	$ -	$ -	$ -	$ (516,287)	$ (743,946)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,260,233)	$ -
CIAC																
CIAC-NT Mains	$ (33,041,681)	K	Mains	$ -	$ -	$ -	$ (13,536,370)	$ (19,505,311)	$ -	$ -	$ -	$ -	$ -	$ -	$ (33,041,681)	$ -
CIAC-NT Ext Dep	$ (27,625,161)	K	Mains	$ -	$ -	$ -	$ (11,317,354)	$ (16,307,807)	$ -	$ -	$ -	$ -	$ -	$ -	$ (27,625,161)	$ -
CIAC-NT Svcs	$ (10,694,813)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (10,694,813)	$ -	$ -	$ -	$ (10,694,813)	$ -
CIAC-NT Meters	$ (16,669,940)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (16,669,940)	$ -	$ -	$ -	$ -	$ (16,669,940)	$ -
CIAC-NT Hydrants	$ (4,260,299)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,731,304)	$ (528,995)	$ (4,260,299)	$ -
CIAC-NT Other	$ (3,912,457)	K	Mains	$ -	$ -	$ -	$ (1,602,838)	$ (2,309,619)	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,912,457)	$ -
CIAC-NT WIP	$ (477,497)	K	Mains	$ -	$ -	$ -	$ (195,619)	$ (281,878)	$ -	$ -	$ -	$ -	$ -	$ -	$ (477,497)	$ -
CIAC-NT NUP Property	$ (249,725)	K	Mains	$ -	$ -	$ -	$ (102,306)	$ (147,419)	$ -	$ -	$ -	$ -	$ -	$ -	$ (249,725)	$ -
CIAC-Tax Mains	$ (5,671,953)	K	Mains	$ -	$ -	$ -	$ (2,323,661)	$ (3,348,293)	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,671,953)	$ -
CIAC-Tax Ext Dep	$ (2,423,127)	K	Mains	$ -	$ -	$ -	$ (992,696)	$ (1,430,431)	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,423,127)	$ -
CIAC-Tax Svcs	$ (25,264,395)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (25,264,395)	$ -	$ -	$ -	$ (25,264,395)	$ -
CIAC-Tax Meters	$ (618,612)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (618,612)	$ -	$ -	$ -	$ -	$ (618,612)	$ -
CIAC-Tax Hydrants	$ (1,038,479)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (909,533)	$ (128,946)	$ (1,038,479)	$ -
CIAC-Tax Other	$ (471,870)	K	Mains	$ -	$ -	$ -	$ (193,314)	$ (278,556)	$ -	$ -	$ -	$ -	$ -	$ -	$ (471,870)	$ -
CIAC-Tax WIP	$ (1,696,725)	K	Mains	$ -	$ -	$ -	$ (695,107)	$ (1,001,618)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,696,725)	$ -
CIAC-Taxable - Mains FIT	$ (563,704)	K	Mains	$ -	$ -	$ -	$ (230,936)	$ (332,768)	$ -	$ -	$ -	$ -	$ -	$ -	$ (563,704)	$ -
CIAC-Taxable - Extension Deposits - FIT	$ (9,607)	K	Mains	$ -	$ -	$ -	$ (3,936)	$ (5,671)	$ -	$ -	$ -	$ -	$ -	$ -	$ (9,607)	$ -
CIAC-Taxable - Services FIT	$ (3,465,449)	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,465,449)	$ -	$ -	$ -	$ (3,465,449)	$ -
CIAC-Taxable - Meters FIT	$ (65,448)	G	Meters	$ -	$ -	$ -	$ -	$ -	$ -	$ (65,448)	$ -	$ -	$ -	$ -	$ (65,448)	$ -
CIAC-Taxable - Hydrants FIT	$ (110,372)	J	Hydrants	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (96,667)	$ (13,705)	$ (110,372)	$ -
CIAC-Taxable - Other FIT	$ (1,521)	K	Mains	$ -	$ -	$ -	$ (623)	$ (898)	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,521)	$ -
AccAmort CIAC-Other	$ 53,957,625	K	Mains	$ -	$ -	$ -	$ 22,105,122	$ 31,852,503	$ -	$ -	$ -	$ -	$ -	$ -	$ 53,957,625	$ -
AccAmort CIAC-Tax	$ 10,286,825	H	Services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,286,825	$ -	$ -	$ -	$ 10,286,825	$ -
Non-Utility Property	$ 249,725	5	Net Plant (less gen. and int.)	$ 17,454	$ 9,816	$ 38,486	$ 48,971	$ 95,639	$ 3,296	$ 20,948	$ 13,399	$ -	$ -	$ 1,717	$ 249,725	$ -
Acquisitions	$ (222,209)	5	Net Plant (less gen. and int.)	$ (15,531)	$ (8,734)	$ (34,245)	$ (43,575)	$ (85,101)	$ (2,933)	$ (18,640)	$ (11,923)	$ -	$ -	$ (1,528)	$ (222,209)	$ -
Deferred Income Taxes	$ (131,978,808)	5	Net Plant (less gen. and int.)	$ (9,224,178)	$ (5,187,588)	$ (20,339,650)	$ (25,880,899)	$ (50,544,648)	$ (1,741,759)	$ (11,071,133)	$ (7,081,406)	$ -	$ -	$ (907,546)	$ (131,978,808)	$ -
Deferred Investment Tax Credits	$ (2)	5	Net Plant (less gen. and int.)	$ (0)	$ (0)	$ (0)	$ (0)	$ (1)	$ (0)	$ (0)	$ (0)	$ -	$ -	$ (0)	$ (2)	$ -
Other Rate Base Elements	$ -	5	Net Plant (less gen. and int.)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Reductions	$ (230,310,127)			$ (9,222,255)	$ (5,186,506)	$ (20,335,410)	$ (43,745,574)	$ (76,284,094)	$ (1,741,396)	$ (28,459,026)	$ (37,205,291)	$ -	$ (6,425,142)	$ (1,818,263)	$ (230,422,958)	$ -
TOTAL RATE BASE (KY Water)	**$ 735,665,485**			**$ 52,047,902**	**$ 28,868,254**	**$ 139,979,532**	**$ 129,288,805**	**$ 259,989,617**	**$ 9,685,797**	**$ 58,250,281**	**$ 12,100,805**	**$ 6,738,696**	**$ 34,248,318**	**$ 4,354,648**	**$ 735,552,654**	**$ -**
TOTAL KY RATE BASE	**$ 735,665,485**															

Kentucky American Water Company
Class Cost of Service Study - Account Detail
Case No. 2026-00094

		Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Hydrants	Private Hydrants	Total	Variance
Miscellaneous T&D Operating Expense	$ 2,134,044	1		$ -	$ -	$ -	$ 147,032	$ 211,867	$ -	$ 1,775,144	$ -	$ -	$ -	$ -	$ 2,134,044	
				-	-	-	0.06890	0.09928	-	0.83182	-	-	-	-	1.00000	
Miscellaneous T&D Maintenance Expense	$ 852,789	2		$ -	$ -	$ -	$ 146,110	$ 210,539	$ -	$ 209,679	$ 176,956	$ -	$ -	$ 13,597	$ 756,881	
				-	-	-	0.19304	0.27817	-	0.27703	0.23380	-	-	0.01796	1.00000	
Fixed O&M	$ 24,094,826	3		$ 306,331	$ 8,323	$ 10,754,075	$ 1,317,030	$ 1,897,781	$ -	$ 5,726,384	$ 1,158,313	$ 2,741,679	$ -	$ 89,003	$ 23,998,918	
				0.01276	0.00035	0.44811	0.05488	0.07908	-	0.23861	0.04827	0.11424	-	0.00371	1.00000	
Labor	$ 13,174,387	4		$ -	$ -	$ 8,714,395	$ 1,044,112	$ 1,504,519	$ -	$ 3,828,182	$ 620,245	$ 1,502,313	$ -	$ 61,256	$ 17,275,022	
				-	-	0.50445	0.06044	0.08709	-	0.22160	0.03590	0.08696	-	0.00355	1.00000	
Net Plant	$ 879,240,168	5		$ 58,608,566	$ 32,960,886	$ 129,234,034	$ 164,442,006	$ 321,150,495	$ 11,066,788	$ 70,343,746	$ 44,993,824	$ -	$ -	$ 5,766,364	$ 838,566,708	
				0.06989	0.03931	0.15411	0.19610	0.38298	0.01320	0.08389	0.05366	-	-	0.00688	1.00000	
Rate Base	$ 735,665,485	6		$ 52,047,902	$ 28,868,254	$ 139,979,532	$ 129,288,805	$ 259,989,617	$ 9,685,797	$ 58,250,281	$ 12,100,805	$ 6,738,696	$ -	$ 4,354,648	$ 701,304,336	
				0.07422	0.04116	0.19960	0.18435	0.37072	0.01381	0.08306	0.01725	0.00961	-	0.00621	1.00000	
Variable Cost	$ 13,718,167			$ 1,747,806	$ 697,098	$ 11,244,570	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,689,474	

Kentucky American Water Company
Cost of Service Study - Usage Statistics
Case No. 2026-00094

	Residential	Commercial	Industrial	Other Public Authority (OPA)	Sales for Resale (SFR)	Public Fire	Private Fire	Miscellaneous	Total	
Total Usage	66,109,362	44,085,776	6,232,721	13,137,950	3,058,097		77,915	68,394	132,770,215	hundred gallons
Average Day Usage	181,122	120,783	17,076	35,994	8,378	-	213	187	363,754	hundred gallons
Max Day Capacity Factor	2.01	1.77	1.89	1.80	1.82			1.77	---	
Max Day Usage	364,054	213,786	32,274	64,790	15,249	-	30,239	332	720,722	hundred gallons
Extra Capacity	182,933	93,003	15,198	28,796	6,870	-	30,025	144	356,968	hundred gallons
Fire Allocator						0.64	0.36		1.0000	14,000 gpm for 10 hours
Distribution Multiplier	1.00	1.00	0.83	0.59	0.39	1.00	1.00	1.00	N/A	
Average Hourly Usage	7,547	5,033	594	883	135	-	9	8	14,208	hundred gallons
Max Hour Capacity Factor	2.41	2.12	2.08	1.97	1.82			2.13	---	
Max Hour Usage	18,188	10,669	1,235	1,740	245	-	3,024	17	35,117	hundred gallons
Extra Capacity	10,641	5,637	641	857	110	-	3,015	9	20,910	hundred gallons
Customers	137,606	10,453	42	918	16		2,715		151,750	
Hydrants						8,295	1,176		9,471	
Revenue	$ 85,440,760	$ 43,496,206	$ 4,540,793	$ 12,096,512	$ 2,173,489	$ 6,928,647	$ 5,200,891	$ 155,792	$ 160,033,089	

	Residential	Commercial	Industrial	Other Public Authority (OPA)	Sales for Resale (SFR)	Public Fire	Private Fire	Miscellaneous	Meter Weighting	Service Weighting
5/8-METER	134,780	5,346	9	198	-		-	15	1.0	1.0
3/4-METER	446	56	-	13	-		-	-	1.5	1.0
1-METER	2,220	2,653	5	200	-		-	18	2.5	2.0
1.5-METER	20	218	2	40	1		-	-	5.0	2.2
2-METER	138	2,264	28	454	4		67	-	8.0	3.2
3-METER	-	6	-	6	1		-	29	16.0	3.2
4-METER	-	38	12	40	6		539	-	25.0	3.5
6-METER	1	19	10	13	4		1,026	-	50.0	4.0
8-METER	1	26	-	5	-		369	-	80.0	5.1
10-METER	-	-	-	-	-		15	-	115.0	8.9
12-METER	-	-	-	-	-		6	-	215.0	9.5
16-METER	-	-	-	-	-		1	-	320.0	12.7

Kentucky American Water Company
Cost of Service Study - Usage Statistics
Case No. 2026-00094

		Other Public	Sales for		
System Load Factor:	0.7181	506,566	max day - thousand gallons per day	21,107	Average system hourly flow on max day
System Load Factor (fire):	0.6779	536,591	max day with fire - thousand gallons per day	22,358	Average system hourly flow on max day
System Load Factor (Hourly)	0.5596	25,391	max hour - thousand gallons per day		
System Load Factor (Hourly fire)	0.5002	28,406	max hour with fire - thousand gallons per day		

Mains Statistics

Type		
Transmission	40.97%	0.4097
Distribution	59.03%	0.5903
Total	100.00%	1.0000

Storage Statistics

Total Capacity	275,450	hundred gallons (2024 annual report)
Fire Allocation	0.1090	percentage of storage needed for maximum fire protection day
Non-Fire Allocation	0.8910	

Kentucky American Water Company
Cost of Service Study - Class Allocators
Case No. 2026-00094

1. VARIABLE COST

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Total Usage	66,109,362	44,085,776	6,232,721	13,137,950	3,058,097	-	77,915	68,394	132,770,215	hundred gallons
Allocator	**0.4979**	**0.3320**	**0.0469**	**0.0990**	**0.0230**	**-**	**0.0006**	**0.0005**	**1.0000**	

2. BASE/EXTRA DAILY

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Average Daily Use	181,122	120,783	17,076	35,994	8,378	-	213	187	363,754	hundred gallons
Extra Capacity	182,933	93,003	15,198	28,796	6,870				326,799	hundred gallons
System Capacity Factor	0.7181									
Average Day Allocator	0.3575	0.2384	0.0337	0.0711	0.0165	-	0.0004	0.0004	0.7181	
Extra Capacity Allocator	0.1578	0.0802	0.0131	0.0248	0.0059	-	-	-	0.2819	
Allocator	**0.5154**	**0.3187**	**0.0468**	**0.0959**	**0.0225**	**-**	**0.0004**	**0.0004**	**1.0000**	

3. BASE/EXTRA DAILY (w FIRE PROTECTION)

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Average Daily Use	181,122	120,783	17,076	35,994	8,378	-	213	187	363,754	hundred gallons
Extra Capacity	182,933	93,003	15,198	28,796	6,870	-	30,025	144	356,968	hundred gallons
									-	
System Capacity Factor	0.6779	assuming fire protection							0.6779	
									-	
Average Day Allocator	0.3375	0.2251	0.0318	0.0671	0.0156	-	0.0004	0.0003	0.6779	
Extra Capacity Allocator	0.1651	0.0839	0.0137	0.0260	0.0062	-	0.0271	0.0001	0.3221	
Combined Allocator	**0.5026**	**0.3090**	**0.0455**	**0.0931**	**0.0218**	**-**	**0.0275**	**0.0005**	**1.0000**	

4. BASE/EXTRA HOURLY (w FIRE PROTECTION)

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Average Hourly Use	7,547	5,033	594	883	135	-	9	8	14,208	hundred gallons
Extra Capacity	10,641	5,637	641	857	110	-	3,015	9	20,910	hundred gallons
System Capacity Factor	0.5002	assuming fire protection								
Average Day Allocator	0.2657	0.1772	0.0209	0.0311	0.0047	-	0.0003	0.0003	0.5002	
Extra Capacity Allocator	0.2544	0.1347	0.0153	0.0205	0.0026	-	0.0721	0.0002	0.4998	
Combined Allocator	**0.5200**	**0.3119**	**0.0362**	**0.0516**	**0.0074**	**-**	**0.0724**	**0.0005**	**1.0000**	

Kentucky American Water Company
Cost of Service Study - Class Allocators
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5. STORAGE

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Average Hourly Use	7,547	5,033	711	1,500	349		9	8	15,156	hundred gallons
Extra Capacity	10,641	5,637	768	1,455	286		----	9	18,796	hundred gallons
Fire Allocator						0.64002	0.35998		1.0000	
System Capacity Factor	0.5002	assuming fire protection								
Average Day Allocator	0.2490	0.1661	0.0235	0.0495	0.0115		0.0003	0.0003	0.5002	
Extra Capacity Allocator	0.2830	0.1499	0.0204	0.0387	0.0076			0.0002	0.4998	
Allocator	0.5320	0.3160	0.0439	0.0882	0.0191		0.0003	0.0005	1.0000	
Non-Fire Allocation of Storage	0.89100									
Fire Allocaton of Storage	0.10900									
Non-Fire Allocator	0.4740	0.2815	0.0391	0.0786	0.0170	-	0.0003	0.0004	0.8910	
Fire Allocator	-	-	-	-	-	0.0698	0.0392	-	0.1090	
Combined Allocator	**0.4740**	**0.2815**	**0.0391**	**0.0786**	**0.0170**	**0.0698**	**0.0395**	**0.0004**	**1.0000**	

6. MAINS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Factor 4	0.5026	0.3090	0.0455	0.0931	0.0218	-	0.0275	0.0005	1.0000	hundred gallons
Factor 5	0.5200	0.3119	0.0362	0.0516	0.0074	-	0.0724	0.0005	1.0000	hundred gallons
Transmission Weighting	0.4097		Average system hourly load							
Distribution Weighting	0.5903		Average system hourly load - max day with fire protection (incremental)							
Combined Allocator	**0.5129**	**0.3107**	**0.0400**	**0.0686**	**0.0133**	**-**	**0.0540**	**0.0005**	**1.0000**	

7. PUBLIC HYDRANTS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Total Hydrants	-	-	-	-	-	8,295	-	-	8,295	
Allocator	**-**	**-**	**-**	**-**	**-**	**1.0000**	**-**	**-**	**1.0000**	

8. PRIVATE HYDRANTS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Units
Total Hydrants	-	-	-	-	-	-	1,176	-	1,176	
Allocator	**-**	**-**	**-**	**-**	**-**	**-**	**1.0000**	**-**	**1.0000**	

Kentucky American Water Company
Cost of Service Study - Class Allocators
Case No. 2026-00094

9. METERS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Weighting
5/8-METER	134,780	5,346	9	198	-	-	-	15	140,347	1.0
3/4-METER	446	56	-	13	-	-	-	-	515	1.5
1-METER	2,220	2,653	5	200	-	-	-	18	5,096	2.5
1.5-METER	20	218	2	40	1	-	-	-	280	5.0
2-METER	138	2,264	28	454	4	-	-	-	2,888	8.0
3-METER	-	6	-	6	1	-	-	29	42	16.0
4-METER	-	38	12	40	6	-	-	-	96	25.0
6-METER	1	19	10	13	4	-	-	-	47	50.0
8-METER	1	26	-	5	-	-	-	-	32	80.0
10-METER	-	-	-	-	-	-	-	-	-	115.0
12-METER	-	-	-	-	-	-	-	-	-	215.0
16-METER	-	-	-	-	-	-	-	-	-	320.0
Total	142,333	35,336	1,056	6,694	403	-	-	524	186,344	-----
Allocator	**0.7638**	**0.1896**	**0.0057**	**0.0359**	**0.0022**	**-**	**-**	**0.0028**	**1.0000**	

10. SERVICES

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total	Weighting
5/8-METER	134,780	5,346	9	198	-		-	15	140,347	1.0
3/4-METER	446	56	-	13	-		-	-	515	1.0
1-METER	2,220	2,653	5	200	-		-	18	5,096	2.0
1.5-METER	20	218	2	40	1		-	-	280	2.2
2-METER	138	2,264	28	454	4		67	-	2,955	3.2
3-METER	-	6	-	6	1		-	29	42	3.2
4-METER	-	38	12	40	6		539	-	635	3.5
6-METER	1	19	10	13	4		1,026	-	1,073	4.0
8-METER	1	26	-	5	-		369	-	401	5.1
10-METER	-	-	-	-	-		15	-	15	8.9
12-METER	-	-	-	-	-		6	-	6	9.5
16-METER	-	-	-	-	-		1	-	1	12.7
Total	140,160	18,791	195	2,387	55		8,291	144	170,024	-----
Allocator	**0.8244**	**0.1105**	**0.0011**	**0.0140**	**0.0003**		**0.0488**	**0.0008**	**1.0000**	

11. CUSTOMERS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total
Total Customers	137,606	10,453	42	918	16		2,715	64	151,814
Allocator	**0.9064**	**0.0689**	**0.0003**	**0.0060**	**0.0001**		**0.0179**	**0.0004**	**1.0000**

12. METERED CUSTOMERS

Item	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total
Total Customers	137,606	10,453	42	918	16				149,035
Allocator	**0.9233**	**0.0701**	**0.0003**	**0.0062**	**0.0001**				**1.0000**

Kentucky American Water Company
Cost of Service Study - Allocator Summary
Case No. 2026-00094

Alloc	Description	Source of Supply	Pumping	Water Treatment	Transmission	Distribution	Storage	Meters	Services	Customers	Public Private	Private Hydrants	Total
A	Source of Supply	1.00000	-	-	-	-	-	-	-	-	-	-	1.00000
B	Pumping	-	1.00000	-	-	-	-	-	-	-	-	-	1.00000
C	Water Treatment	-	-	1.00000	-	-	-	-	-	-	-	-	1.00000
D	Transmission	-	-	-	1.00000	-	-	-	-	-	-	-	1.00000
E	Distribution	-	-	-	-	1.00000	-	-	-	-	-	-	1.00000
F	Storage	-	-	-	-	-	1.00000	-	-	-	-	-	1.00000
G	Meters	-	-	-	-	-	-	1.00000	-	-	-	-	1.00000
H	Services	-	-	-	-	-	-	-	1.00000	-	-	-	1.00000
I	Customers	-	-	-	-	-	-	-	-	1.00000	-	-	1.00000
J	Hydrants	-	-	-	-	-	-	-	-	-	0.87583	0.12417	1.00000
K	Mains	-	-	-	0.40968	0.59032	-	-	-	-	-	-	1.00000
1	T/D Oper. Expense	-	-	-	0.06890	0.09928	-	0.83182	-	-	-	-	1.00000
2	T/D Maint.. Expense	-	-	-	0.19304	0.27817	-	0.27703	0.23380	-	-	0.01796	1.00000
3	Fixed O&M	0.01276	0.00035	0.44811	0.05488	0.07908	-	0.23861	0.04827	0.11424	-	0.00371	1.00000
4	Labor	-	-	0.50445	0.06044	0.08709	-	0.22160	0.03590	0.08696	-	0.00355	1.00000
5	Net Plant (less gen. and int.)	0.06989	0.03931	0.15411	0.19610	0.38298	0.01320	0.08389	0.05366	-	-	0.00688	1.00000
6	Rate Base	0.07422	0.04116	0.19960	0.18435	0.37072	0.01381	0.08306	0.01725	0.00961	-	0.00621	1.00000

Alloc	Description	Residential	Commercial	Industrial	Other Public Authority	Sale for Resale	Public Fire	Private Fire	Miscellaneous	Total
1	Total Usage	0.49792	0.33205	0.04694	0.09895	0.02303	-	0.00059	0.00052	1.00000
2	Base/Extra Daily	0.51536	0.31867	0.04682	0.09590	0.02247	-	0.00042	0.00037	1.00000
3	Base/Extra Daily w/ Fire	0.50261	0.30901	0.04554	0.09306	0.02181	-	0.02749	0.00048	1.00000
4	Base/Extra Hourly w/ Fire	0.52004	0.31191	0.03623	0.05158	0.00738	-	0.07238	0.00049	1.00000
5	Storage	0.47403	0.28153	0.03913	0.07857	0.01705	0.06976	0.03950	0.00044	1.00000
7	Public Hydrants	-	-	-	-	-	1.00000	-	-	1.00000
8	Private Hydrants	-	-	-	-	-	-	1.00000	-	1.00000
9	Meters	0.76382	0.18963	0.00566	0.03592	0.00216	-	-	0.00281	1.00000
10	Services	0.82436	0.11052	0.00115	0.01404	0.00032	-	0.04877	0.00085	1.00000
11	Customers	0.90641	0.06885	0.00028	0.00605	0.00011	-	0.01789	0.00042	1.00000

EXHIBIT 37
SCHEDULE A

JURISDICTIONAL FINANCIAL SUMMARY FOR THE BASE AND FORCASTED PERIOD

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
A	Overall Financial Summary

For electronic version, see KAW_APP_EX37A_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Jurisdictional Financial Summary for the Base and Forecast Period Detailing Derivation of the Requested Revenue Increase

Exhibit 37, Schedule A
Data: X Base Period X Forecast Period
Exhibits\[KAWC 2026 Rate Case - Revenue Requirement and Conversion Factor.xlsx]Rev Requirement - SCH A
Version: X Original _Updated _Revised
Witness Responsible: John Watkins

Line #		Base Period Ending August 31, 2026	Forecast Period Ending December 31, 2027	Support Schedule Reference	Excel Reference
1					
2	**Present Rate Utility Operating Income:**				
3					
4	**Operating Revenue at Present Rates:**	$152,943,165	$162,484,251	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
5					
6	**Less: Deductions:**				
7	Operating and Maintenance	$51,255,277	$59,805,797	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
8	Depreciation	31,981,340	37,830,151	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
9	Amortization of UPAA	(16,887)	(80,108)	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
10	Amortization Expense	73,322	57,080	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
11	State Income Taxes	2,384,087	1,810,446	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
12	Federal Income Taxes	8,827,821	6,049,063	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
13	Investment Tax Credits	0	0	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
14	General Taxes:	6,429,473	11,768,932	Exhibit 37 Schedule C-1	Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1
15	**Total Deductions (Sum Lines 7 - 14):**	$100,934,432	$117,241,361		
16					
17	**Present Rate Operating Income (Line 4 - Line 15):**	$52,008,733	$45,242,890		
18					
19					
20		**Base Period**	**Forecast Period**	**Support Schedule**	
21	**Revenue Requirement and Increase Comparison:**	**Ending August 31, 2026**	**Ending December 31, 2027**	**Reference**	**Excel Reference**
22					
23	Net Original Cost Rate Base	$688,824,694	$735,665,485	Exhibit 37 Schedule B-1	Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-1
24	Rate of Return	7.91%	7.94%	Exhibit 37 Schedule J-1.1	Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-1
25					
26	**Operating Income Required (Line 23 x Line 24):**	$54,486,033	$58,411,839		
27					
28	Less: Operating Income at Present Rates (Line 17):	$52,008,733	$45,242,890		
29					
30	**Increase in Operating Income Required (Line 26 - Line 28)**	**$2,477,301**	**$13,168,949**		
31					
32	**Gross Revenue Conversion Factor**	134.2891%	134.2891%	Exhibit 37, Schedule H	Exhibits\[KAWC 2026 Rate Case - Revenue Requirement and Conversion Factor.xlsx]Rev Conversion Factor - SCH H
33					
34	**Requested Revenue Increase (Line 30 x Line 32)**	**$3,326,744**	**$17,684,459**		
35					
36	**Percent Increase over Operating Revenue at Present Rates (Line 34 / Line 4):**	**2.18%**	**10.88%**		
37					
38	**Revenue Requirement (Line 4 + Line 34)**	**$156,269,909**	**$180,168,709**		

EXHIBIT 37
SCHEDULE B

JURISDICTIONAL RATE SUMMARY FOR THE BASE AND FORECASTED PERIOD

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
B-1	Rate Base Summary
B-2	Plant in Service by Major Grouping
B-2.1	Plant in Service by Account and Subaccounts
B-2.2	Proposed Adjustments to Plant in Service
B-2.3	Gross Additions, Retirements and Transfers
B-2.4	Property Merged or Acquired
B-2.5	Leased Property
B-2.6	Property Held for Future Use Included in Rate Base
B-2.7	Property Excluded from Rate Base
B-3	Accumulated Depreciation and Amortization
B-3.1	Adjustments to Accumulated Depreciation and Amortization
B-3.2	Depreciation Accrual Rates and Accumulated Balances by Account
B-4	Construction Work in Progress
B-4.1	Construction Work in Progress - Percent Complete
B-5	Allowance for Working Capital
B-5.1	Working Capital Components
B-5.2	Working Capital - Lead / Lag Study
B-6	Deferred Credits and Accumulated Deferred Income Taxes
B-7	Jurisdictional Percentages
B-7.1	Jurisdictional Statistics - Rate Base
B-7.2	Explanation of Changes in Jurisdictional Procedures
B-8	Comparative Balance Sheets

Please see attached. For electronic version, see KAW_APP_EX37B_051526.pdf

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
RATE BASE SUMMARY
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-1
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	Base Period
1			
2	Utility Plant In Service	B-2	$1,163,023,447
3			
4	Property Held for Future Use	B-2.6	0
5			
6	Utility Plant Acquisition Adjustments	WP - 1-14	(935,999)
7			
8	Accumulated Depreciation	B-3	(266,012,430)
9			
10			
11			
12	Net Utility Plant In Service		896,075,018
13			
14			
15	Construction Work in Progress	B-4	0
16			
17	Working Capital Allowance	B-4/W/P - 1-13	0
18			
19	Materials and Supplies	B-4 & W/P - 1-5	4,596,235
20			
21	Contributions in Aid of Construction	B-5	(74,932,715)
22			
23	Customer Advances	B-5	(21,070,634)
24			
25	Deferred Income Taxes	B-5	(126,718,181)
26			
27	Deferred Investment Tax Credits	B-5	(2)
28			
29	Deferred Maintenance	W/P-1-10	10,056,826
30			
31	Deferred Debits	W/P-1-11	818,147
32			
33	Other Rate Base Elements	W/P-1-12	0
34			
43			
44			
45	Jurisdictional Rate Base		$688,824,694

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
RATE BASE SUMMARY
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-1
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED

Line No.	Rate Base Component	Supporting Schedule Reference	End of Period Amount	13 Month Avg Forecasted Period Amount
1				
2	Utility Plant In Service	B-2	$1,285,137,068	$1,233,847,445
3				
4	Property Held for Future Use	B-2.6	0	0
5				
6	Utility Plant Acquisition Adjustments	WP - 1-14	(829,188)	(869,242)
7				
8	Accumulated Depreciation	B-3	(293,431,734)	(282,456,312)
9				
10				
11				
12	Net Utility Plant In Service		990,876,146	950,521,891
13				
14				
15	Construction Work in Progress	B-4	0	0
16				
17	Working Capital Allowance	B-4/W/P - 1-13	0	0
18				
19	Materials and Supplies	B-4 & W/P - 1-5	4,596,235	4,596,235
20				
21	Contributions in Aid of Construction	B-5	(73,354,392)	(74,060,868)
22				
23	Customer Advances	B-5	(26,060,340)	(24,270,450)
24				
25	Deferred Income Taxes	B-5	(135,700,935)	(131,978,808)
26				
27	Deferred Investment Tax Credits	B-5	(2)	(2)
28				
29	Deferred Maintenance	W/P-1-10	10,366,520	10,086,905
30				
31	Deferred Debits	W/P-1-11	742,041	770,581
32				
33	Other Rate Base Elements	W/P-1-12	0	0
34				
35				
43				
44				
45	Jurisdictional Rate Base		$771,465,273	$735,665,485

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY MAJOR GROUPING
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 of 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Major Property Grouping	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	End of Period Adjusted Jurisdiction
1						
2						
3	Intangibles	$2,951,874	100%	$2,951,874.30	$0	$2,951,874
4						
5	Source of Supply and Pumping	119,295,598		119,295,598	0	119,295,598
6						
7	Water Treatment	146,177,376		146,177,376	0	146,177,376
8						
9	Transmission and Distribution	801,722,706		801,722,706	0	801,722,706
10						
11	General	74,989,439		74,989,439	0	74,989,439
12						
13	Completed Construction not Classified	0		0	0	0
14						
15	Other (Acquisitions)	17,886,454		17,886,454	0	17,886,454
16						
17	Total	$1,163,023,447		$1,163,023,447	$0	$1,163,023,447

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY MAJOR GROUPING
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Major Property Grouping	Forecasted Period	Jurisdictional Percent	Jurisdictional	Adjustments	End of Period Adjusted Jurisdiction	13 Month Average
1	Intangibles	$6,511,442	100%	$6,511,442.30	$0	$6,511,442	$4,602,957
2							
3	Source of Supply and Pumping	128,593,016		128,593,016	0	128,593,016	123,397,040
4							
5	Water Treatment	171,002,006		171,002,006	0	171,002,006	161,720,064
6							
7	Transmission and Distribution	871,179,048		871,179,048	0	871,179,048	842,096,132
8							
9	General	88,765,102		88,765,102	0	88,765,102	82,944,798
10							
11	Completed Construction not Classified	0		0	0	0	0
12							
13	Other (Acquisitions)	19,086,454		19,086,454	0	19,086,454	19,086,454
14							
15		$1,285,137,068		$1,285,137,068	$0	$1,285,137,068	$1,233,847,445

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 of 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		Intangible Plant					
4	301.1	Organization	$37,450	100%	$37,450	$0	$37,450
5	302.1	Franchise/Consents	70,261		70,261	0	70,261
6	339.1	Other Plant & Equip Intangible	2,844,163		2,844,163	0	2,844,163
7							
8		Total Intangibles	$2,951,874		$2,951,874	$0	$2,951,874
9							
10		Source of Supply and Pumping Plant					
11	303.2	Land and Land Rights - SS	$3,464,604		$3,464,604	$0	$3,464,604
12	304.2	Structures and Improvements SS	42,735,233		42,735,233	0	42,735,233
13	305.2	Collecting and Impounding Reservoirs	819,260		819,260	0	819,260
14	306.2	Lake, River and Other Intakes	4,334,970		4,334,970	0	4,334,970
15	307.2	Wells and Springs	0		0	0	0
16	308.2	Infiltration Galleries & Tunnels	0		0	0	0
17	309.2	Supply Mains	20,324,961		20,324,961	0	20,324,961
18	310.2	Power Generation Equip	5,678,201		5,678,201	0	5,678,201
19	311.2	Pumping Equipment SS	41,938,368		41,938,368	0	41,938,368
20	339.2	Other Plant & Equip SS	0		0	0	0
21							
22		Total Source of Supply & Pumping	$119,295,598		$119,295,598	$0	$119,295,598
23							
24		Water Treatment Plant					
25	303.3	Land and Land Rights	$800,183		$800,183	$0	$800,183
26	304.3	Structures and Improvements	67,291,381		67,291,381	0	67,291,381
27	311.3	Pumping Equipment WT	4,470,997		4,470,997	0	4,470,997
28	320.3	Water Treatment Equipment	73,614,814		73,614,814	0	73,614,814
29	339.3	Other Plant & Equip WT	0		0	0	0
30							
31		Total Water Treatment	$146,177,376		$146,177,376	$0	$146,177,376
32							
33		Transmission and Distribution Plant					
34	303.4	Land and Land Rights TD	$7,549,865		$7,549,865	$0	$7,549,865
35	304.4	Struct & Improve TD	5,481,638		5,481,638	0	5,481,638
36	311.4	Pumping Equipment TD	2,321,220		2,321,220	0	2,321,220
37	330.4	Dist Reservoirs & Standpipes	19,984,585		19,984,585	0	19,984,585
38	331.4	TD Mains	529,320,026		529,320,026	0	529,320,026
39	333.4	Services	80,326,966		80,326,966	0	80,326,966
40	334.4	Meters & Meter Installations	110,472,906		110,472,906	0	110,472,906
41	335.4	Hydrants	46,265,500		46,265,500	0	46,265,500
42	336.4	Backflow Prevention Devices	0		0	0	0
43	339.4	Other Plant & Equip TD	0		0	0	0
44							
45		Total Transmission and Distribution	$801,722,706		$801,722,706	$0	$801,722,706

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 of 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction
1							
2							
3		General Plant					
4	303.5	Land & Land Rights AG	$0	100%	$0	$0	$0
5	304.5	Struct & Improve AG	21,240,621		21,240,621	0	21,240,621
6	340.5	Office Furniture and Equipment	17,783,658		17,783,658	0	17,783,658
7	341.5	Transportation Equipment	15,324,938		15,324,938	0	15,324,938
8	342.5	Stores Equipment	339,106		339,106	0	339,106
9	343.5	Tools, Shop and Garage Equipment	5,548,653		5,548,653	0	5,548,653
10	344.5	Laboratory Equipment	686,440		686,440	0	686,440
11	345.5	Power Operated Equipment	2,354,778		2,354,778	0	2,354,778
12	346.5	Communication Equipment	7,216,651		7,216,651	0	7,216,651
13	347.5	Miscellaneous Equipment	4,481,685		4,481,685	0	4,481,685
14	348.5	Other Tangible Property	12,907		12,907	0	12,907
15							
16		Total General	$74,989,439		$74,989,439	$0	$74,989,439
17							
18	Various	Acquisitions	$17,886,454		$17,886,454	$0	$17,886,454
19							
20		Total Utility Plant in Service	$1,163,023,447		$1,163,023,447	$0	$1,163,023,447

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 3 of 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Forecasted	Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction	13 Month Average
1								
2								
3		Intangible Plant						
4	301.1	Organization	$37,450	100%	$37,450	$0	$37,450	$37,450
5	302.1	Franchise/Consents	70,261		70,261	0	70,261	70,261
6	339.1	Other Plant & Equip Intangible	6,403,731		6,403,731	0	6,403,731	4,495,246
7								
8		Total Intangibles	$6,511,442		$6,511,442	$0	$6,511,442	$4,602,957
9								
10		Source of Supply and Pumping Plant						
11	303.2	Land and Land Rights - SS	$5,839,605		$5,839,605	$0	$5,839,605	$5,108,835
12	304.2	Structures and Improvements - SS	48,687,688		48,687,688	0	48,687,688	44,697,425
13	305.2	Collecting and Impounding Reservoirs	819,260		819,260	0	819,260	819,260
14	306.2	Lake, River and Other Intakes	4,334,970		4,334,970	0	4,334,970	4,334,970
15	307.2	Wells and Springs	0		0	0	0	0
16	308.2	Infiltration Galleries & Tunnels	0		0	0	0	0
17	309.2	Supply Mains	20,313,823		20,313,823	0	20,313,823	20,318,000
18	310.2	Power Generation Equip	5,678,201		5,678,201	0	5,678,201	5,678,201
19	311.2	Power Equipment SS	42,919,468		42,919,468	0	42,919,468	42,440,348
20	339.2	Other Plant & Equip SS	0		0	0	0	0
21								
22		Total Source of Supply & Pumping	$128,593,016		$128,593,016	$0	$128,593,016	$123,397,040
23								
24		Water Treatment Plant						
25	303.3	Land and Land Rights WT	$800,183		$800,183	$0	$800,183	$800,183
26	304.3	Structures and Improvements WT	75,994,216		75,994,216	0	75,994,216	72,328,509
27	311.3	Pumping Equipment WT	4,426,226		4,426,226	0	4,426,226	4,443,015
28	320.3	Water Treatment Equipment	89,781,380		89,781,380	0	89,781,380	84,148,356
29	339.3	Other Plant & Equip WT	0		0	0	0	0
30								
31		Total Water Treatment	$171,002,006		$171,002,006	$0	$171,002,006	$161,720,064
32								
33		Transmission and Distribution Plant						
34	303.4	Land and Land Rights TD	$7,549,865		$7,549,865	$0	$7,549,865	$7,549,865
35	304.4	Structures and Improvements TD	5,474,318		5,474,318	0	5,474,318	5,477,063
36	311.4	Pumping Equipment TD	2,315,624		2,315,624	0	2,315,624	2,317,723
37	330.4	Dist Reservoirs & Standpipes	19,980,174		19,980,174	0	19,980,174	19,981,828
38	331.4	TD Mains	573,699,529		573,699,529	0	573,699,529	554,211,098
39	333.4	Services	87,429,607		87,429,607	0	87,429,607	84,217,804
40	334.4	Meters & Meter Installations	123,729,599		123,729,599	0	123,729,599	119,427,961
41	335.4	Hydrants	51,000,332		51,000,332	0	51,000,332	48,912,790
42	336.4	Backflow Prevention Devices	0		0	0	0	0
43	339.4	Other Plant & Equip TD	0		0	0	0	0
44								
45		Total Transmission and Distribution	$871,179,048		$871,179,048	$0	$871,179,048	$842,096,132

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
PLANT IN SERVICE BY ACCOUNTS AND SUBACCOUNTS
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 4 of 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Forecasted	Forecasted Jurisdictional Percent	Jurisdictional	Adjustment	Adjusted Jurisdiction	13 Month Average
1								
2								
3		General Plant						
4	303.5	Land & Land Rights AG	$0	100%	$0	$0	$0	$0
5	304.5	Structures and Improvements AG	25,413,931		25,413,931	0	25,413,931	24,870,213
6	340.5	Office Furniture and Equipment	18,906,205		18,906,205	0	18,906,205	17,178,747
7	341.5	Transportation Equipment	17,610,962		17,610,962	0	17,610,962	16,435,781
8	342.5	Stores Equipment	339,106		339,106	0	339,106	339,106
9	343.5	Tools, Shop and Garage Equipment	6,317,721		6,317,721	0	6,317,721	6,029,923
10	344.5	Laboratory Equipment	412,087		412,087	0	412,087	503,664
11	345.5	Power Operated Equipment	2,777,191		2,777,191	0	2,777,191	2,607,645
12	346.5	Communication Equipment	10,329,319		10,329,319	0	10,329,319	9,090,530
13	347.5	Miscellaneous Equipment	6,645,674		6,645,674	0	6,645,674	5,876,283
14	348.5	Other Tangible Property	12,907		12,907	0	12,907	12,907
15								
16		Total General	$88,765,102		$88,765,102	$0	$88,765,102	$82,944,798
17								
18	Various	Acquisitions	19,086,454		19,086,454	0	19,086,454	19,086,454
19								
		Total Utility Plant in Service	$1,285,137,068		$1,285,137,068	$0	$1,285,137,068	$1,233,847,445

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3			**NONE**				
4							
5							
6							
7							
8							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPOSED ADJUSTMENTS TO PLANT IN SERVICE
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Account Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference Number	Description/Purpose of Adjustment
1							
2							
3			**NONE**				
4							
5							
6							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
Base Year for the 12 Months Ending August 31, 2026

EXHIBIT 37, SCHEDULE B-2.3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Base Period Ending Balance
1									
2									
3		Intangible Plant							
4	301.1	Organization	$37,450	$0	$0	$0			$37,450
5	302.1	Franchise/Consents	70,261	0	0	0			70,261
6	339.1	Other Plant & Equip Intangible	1,034,092	1,810,071	0				2,844,163
7									
8		Total Intangibles	$1,141,803	$1,810,071	$0	$0			$2,951,874
9									
10		Source of Supply and Pumping Plant							
11	303.2	Land and Land Rights - SS	$1,419,567	$2,045,038	$0	$0			$3,464,604
12	304.2	Structures and Improvements SS	40,615,934	2,406,865	287,566	0			42,735,233
13	305.2	Collecting and Impounding Reservoirs	819,260	0	0	0			819,260
14	306.2	Lake, River and Other Intakes	2,463,975	1,870,996	0	0			4,334,970
15	307.2	Wells and Springs	0	0	0	0			0
16	308.2	Infiltration Galleries & Tunnels	0	0	0	0			0
17	309.2	Supply Mains	18,618,195	1,710,942	4,177	0			20,324,961
18	310.2	Power Generation Equipment	5,678,201	0	0	0			5,678,201
19	311.2	Pumping Equipment SS	40,604,296	1,734,750	400,678	0			41,938,368
20	339.2	Other Plant & Equipment SS	0	0	0	0			0
21									
22		Total Source of Supply & Pumping	$110,219,428	$9,768,591	$692,421	$0			$119,295,598
23									
24		Water Treatment Plant							
25	303.3	Land and Land Rights WT	$800,183	$0	$0	$0			$800,183
26	304.3	Structures and Improvements WT	70,322,245	(2,647,390)	383,474	0			67,291,381
27	311.3	Pumping Equipment WT	2,744,295	1,782,432	55,730	0			4,470,997
28	320.3	Water Treatment Equipment	73,375,147	461,775	222,108	0			73,614,814
29	339.3	Other Plant & Equipment WT	0	0	0	0			0
30									
31		Total Water Treatment	$147,241,870	($403,183)	$661,311	$0			$146,177,376
32									
33		Transmission and Distribution Plant							
34	303.4	Land and Land Rights TD	$7,549,865	$0	$0	$0			$7,549,865
35	304.4	Structures and Improvements TD	5,484,383	0	2,745	0			5,481,638
36	311.4	Pumping Equipment TD	2,323,319	0	2,099	0			2,321,220
37	330.4	Dist Reservoirs & Standpipes	19,993,607	0	9,023	0			19,984,585
38	331.4	TD Mains	479,508,274	52,362,972	2,551,219	0			529,320,026
39	333.4	Services	75,524,740	5,446,612	644,387	0			80,326,966
40	334.4	Meter & Meter Installations	98,805,207	14,646,837	2,979,137	0			110,472,906
41	335.4	Hydrants	41,244,507	5,646,573	625,580	0			46,265,500
42	336.4	Backflow Prevention Devices	0	0	0	0			0
43	339.4	Other Plant & Equip TD	0	0	0	0			0
44									
45		Total Transmission and Distribution	$730,433,900	$78,102,993	$6,814,189	$0			$801,722,706

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
Base Year for the 12 Months Ending August 31, 2026

EXHIBIT 37, SCHEDULE B-2.3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	NARUC 96 Acct No.	Account Title	Base Period Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Base Period Ending Balance
1									
2									
3		General Plant							
4	303.5	Land & Land Rights AG	$0	$0	$0	$0			$0
5	304.5	Structures and Improvements AG	19,896,822	1,810,863	467,064	0			21,240,621
6	340.5	Office Furniture and Equipment	20,310,977	4,394,003	5,540,179	0			19,164,801
7	341.5	Transportation Equipment	14,670,784	1,071,947	417,792	0			15,324,938
8	342.5	Stores Equipment	339,106	0	0	0			339,106
9	343.5	Tools, Shop and Garage Equipment	4,433,560	1,122,523	7,429	0			5,548,653
10	344.5	Laboratory Equipment	817,364	60,050	190,974	0			686,440
11	345.5	Power Operated Equipment	1,745,656	655,159	46,037	0			2,354,778
12	346.5	Communication Equipment	6,544,922	1,520,041	848,312	0			7,216,651
13	347.5	Miscellaneous Equipment	3,193,403	1,405,265	116,982	0			4,481,685
14	348.5	Other Tangible Property	12,907	0	0	0			12,907
15									
16		Total General	$71,965,501	$12,039,850	$7,634,769	$0			$76,370,582
17									
18	Various	Acquisitions	0	17,886,454	0	0			17,886,454
19									
20		Total Utility Plant in Service	$1,061,002,502	$119,204,776	$15,802,690	$0			$1,164,404,589
21									
22									
23									
24									
25									

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
Forecast Year (12 Months Ending December 31, 2027)

EXHIBIT 37, SCHEDULE B-2.3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 3 OF 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-1

Line No.	NARUC 96 Acct No.	Account Title	Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Fore. Period Ending Balance	13 Month Average
1										
2										
3		Intangible Plant								
4	301.1	Organization	$37,450	$0	$0	$0			$37,450	$37,450
5	302.1	Franchise/Consents	70,261	0	0	0			70,261	70,261
6	339.1	Other Plant & Equip Intangibles	3,239,163	3,164,568	0	0			6,403,731	4,495,246
7										
8		Total Intangibles	$3,346,874	$3,164,568	$0	$0			$6,511,442	$4,602,957
9										
10		Source of Supply and Pumping Plant								
11	303.2	Land and Land Rights - SS	$3,464,604	$2,375,000	$0	$0			$5,839,605	$5,108,835
12	304.2	Structures and Improvements SS	42,824,312	6,233,637	370,262	0			48,687,688	44,697,425
13	305.2	Collecting and Impounding Reservoirs	819,260	0	0	0			819,260	819,260
14	306.2	Lake, River and Other Intakes	4,334,970	0	0	0			4,334,970	4,334,970
15	307.2	Wells and Springs	0	0	0	0			0	0
16	308.2	Infiltration Galleries & Tunnels	0	0	0	0			0	0
17	309.2	Supply Mains	20,322,176	0	8,353	0			20,313,823	20,318,000
18	310.2	Power Generation Equipment	5,678,201	0	0	0			5,678,201	5,678,201
19	311.2	Pumping Equipment SS	42,082,015	1,059,253	221,799	0			42,919,468	42,440,348
20	339.2	Other Plant & Equipment SS	0	0	0	0			0	0
21										
22		Total Source of Supply & Pumping	$119,525,540	$9,667,891	$600,415	$0			$128,593,016	$123,397,040
23										
24		Water Treatment Plant								
25	303.3	Land and Land Rights WT	$800,183	$0	$0	$0			$800,183	$800,183
26	304.3	Structures and Improvements WT	70,682,609	5,685,009	373,401	0			75,994,216	72,328,509
27	311.3	Pumping Equipment WT	4,459,805	0	33,578	0			4,426,226	4,443,015
28	320.3	Water Treatment Equipment	81,474,543	8,463,201	156,364	0			89,781,380	84,148,356
29	339.3	Other Plant & Equipment WT	0	0	0	0			0	0
30										
31		Total Water Treatment	$157,417,140	$14,148,210	$563,343	$0			$171,002,006	$161,720,064
32										
33		Transmission and Distribution Plant								
34	303.4	Land and Land Rights TD	$7,549,865	$0	$0	$0			$7,549,865	$7,549,865
35	304.4	Structures and Improvements TD	5,479,808	0	5,490	0			5,474,318	5,477,063
36	311.4	Pumping Equipment TD	2,319,821	0	4,197	0			2,315,624	2,317,723
37	330.4	Dist Reservoirs & Standpipes	19,983,482	0	3,308	0			19,980,174	19,981,828
38	331.4	TD Mains	539,815,428	35,956,800	2,072,700	0			573,699,529	554,211,098
39	333.4	Services	81,974,347	5,834,692	379,432	0			87,429,607	84,217,804
40	334.4	Meter & Meter Installations	115,888,715	11,261,736	3,420,851	0			123,729,599	119,427,961
41	335.4	Hydrants	47,414,510	4,078,736	492,913	0			51,000,332	48,912,790
42	336.4	Backflow Prevention Devices	0	0	0	0			0	0
43	339.4	Other Plant & Equip TD	0	0	0	0			0	0
44										
45		Total Transmission and Distribution	$820,425,976	$57,131,964	$6,378,892	$0			$871,179,048	$842,096,132

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
GROSS ADDITIONS, RETIREMENTS AND TRANSFERS
Forecast Year (12 Months Ending December 31, 2027)

EXHIBIT 37, SCHEDULE B-2.3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 4 OF 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-1

Line No.	NARUC 96 Acct No.	Account Title	Beginning Balance	Additions	Retirements	Transfers/Reclassifications Amount	Transfers/Reclassifications Explanation	Other Accts Involved	Fore. Period Ending Balance	13 Month Average
1										
2										
3		General Plant								
4	303.5	Land & Land Rights AG	$0	$0	$0	$0			$0	$0
5	304.5	Structures and Improvements AG	24,486,058	1,258,384	330,512	0			25,413,931	24,870,213
6	340.5	Office Furniture and Equipment	16,026,951	8,721,531	5,842,277	0			18,906,205	17,178,747
7	341.5	Transportation Equipment	15,994,210	2,174,595	557,843	0			17,610,962	16,435,781
8	342.5	Stores Equipment	339,106	0	0	0			339,106	339,106
9	343.5	Tools, Shop and Garage Equipment	5,751,694	575,986	9,959	0			6,317,721	6,029,923
10	344.5	Laboratory Equipment	606,226	181,563	375,703	0			412,087	503,664
11	345.5	Power Operated Equipment	2,451,694	338,650	13,153	0			2,777,191	2,607,645
12	346.5	Communication Equipment	7,945,269	2,668,317	284,268	0			10,329,319	9,090,530
13	347.5	Miscellaneous Equipment	5,074,670	1,804,969	233,965	0			6,645,674	5,876,283
14	348.5	Other Tangible Property	12,907	0	0	0			12,907	12,907
15										
16		Total General	$78,688,785	$17,723,996	$7,647,679	$0			$88,765,102	$82,944,798
17										
18	Various	Acquisitions	19,086,454	0	0	0			19,086,454	19,086,454
19										
20		Total Utility Plant in Service	$1,198,490,769	$101,836,629	$15,190,330	$0			$1,285,137,068	$1,233,847,445
21										
22										
23										
24										
25										

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY MERGED OR ACQUIRED
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.4
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
1							
2							
3	Various	Water Plant Assets (Livingston Water Works)	$400,000	$1,311,710	($911,710)		Proposed Treatment: Cost basis and UPAA included in rate base. Assets
4	Various	Water Plant Assets (Water Service Corporation of Kentucky "WSCK")	7,411,592	7,411,592	(0)		depreciated using KAWC composite rates and UPAA amortized over 10 years.
5							
6							
7							
8							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY MERGED OR ACQUIRED
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.4
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Description of Property	Acquisition Cost	Cost Basis	Acquisition Adjustment	Commission Approval Date	Explanation of Treatment
1							
2							
3	Various	Water Plant Assets (Black Mountain Utility District)	$1,200,000	$1,200,000	$0		Proposed Treatment: Cost basis and UPAA included in rate base. Assets
4							depreciated using KAWC composite rates and UPAA amortized over 10 years.
5							
6							
7							
8							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
LEASED PROPERTY
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.5
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3		**NONE**					
4							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
LEASED PROPERTY
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.5
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Identification or Ref No.	Description and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar Value of Property	Explain Method of Capitalization
1							
2							
3		**NONE**					
4							
5							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.6
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	iption/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Amount	Revenue Realized Acct No.	Description	Amount	Expenses Incurred Acct No.	Description
1											
2											
3			**NOT APPLICABLE IN THIS RATE CASE**								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY HELD FOR FUTURE USE INCLUDED IN RATE BASE
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.6
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	iption/Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Amount	Revenue Realized Acct No.	Description	Amount	Expenses Incurred Acct No.	Description
1											
2											
3			**NOT APPLICABLE IN THIS RATE CASE**								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY EXCLUDED FROM RATE BASE
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-2.7
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses Amount	Acct No.	Description	Reasons for Exclusion
1										
2										
3				**NONE**						

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPERTY EXCLUDED FROM RATE BASE
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-2.7
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-2
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct. No.	Description	In-Service Date	Original Cost	Accumulated Depreciation	Net Original Cost	Period Revenue and Expenses Amount	Acct No.	Description	Reasons for Exclusion
1										
2										
3				**NONE**						

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ACCUMULATED DEPRECIATION AND AMORTIZATION
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 1 of 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Base Period Total Company	Accumulated Reserve Balances Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustments	Adjusted Jurisdiction
1								
2								
3		Intangible Plant						
4	301.1	Organization	$37,450	$0	100%	$0	$0	$0
5	302.1	Franchise/Consents	70,261	0		0	0	0
6	339.1	Other Plant & Equip Intangible	2,844,163	1,006,798		1,006,798	0	1,006,798
7								
8		Total Intangibles	$2,951,874	$1,006,798		$1,006,798	$0	$1,006,798
9								
10		Source of Supply and Pumping Plant						
11	303.2	Land and Land Rights - SS	$3,464,604	$0		$0	$0	$0
12	304.2	Structures and Improvements SS	42,735,233	9,080,896		9,080,896	0	9,080,896
13	305.2	Collecting and Impounding Reservoirs	819,260	374,664		374,664	0	374,664
14	306.2	Lake, River and Other Intakes	4,334,970	786,969		786,969	0	786,969
15	307.2	Wells and Springs	0	0		0	0	0
16	308.2	Infiltration Galleries & Tunnels	0	0		0	0	0
17	309.2	Supply Mains	20,324,961	6,752,770		6,752,770	0	6,752,770
18	310.2	Power Generation Equip	5,678,201	2,208,309		2,208,309	0	2,208,309
19	311.2	Pumping Equipment SS	41,938,368	10,936,673		10,936,673	0	10,936,673
20	339.2	Other Plant & Equip SS	0	0		0	0	0
21	354.2	Other Plant & Equip WT	0	0		0	0	0
22								
23		Total Source of Supply & Pumping	$119,295,598	$30,140,282		$30,140,282	$0	$30,140,282
24								
25		Water Treatment Plant						
26	303.3	Land and Land Rights	$800,183	$0		$0	$0	$0
27	304.3	Structures and Improvements	67,291,381	11,114,511		11,114,511	0	11,114,511
28	311.3	Pumping Equipment WT	4,470,997	(737,103)		(737,103)	0	(737,103)
29	320.3	Water Treatment Equipment	73,614,814	20,310,173		20,310,173	0	20,310,173
30	339.3	Other Plant & Equip WT	0	0		0	0	0
31								
32		Total Water Treatment	$146,177,376	$30,687,582		$30,687,582	$0	$30,687,582
33								
34		Transmission and Distribution Plant						
35	303.4	Land and Land Rights TD	$7,549,865	$0		$0	$0	$0
36	304.4	Struct & Improve TD	5,481,638	350,534		350,534	0	350,534
37	311.4	Pumping Equipment TD	2,321,220	263,492		263,492	0	263,492
38	330.4	Dist Reservoirs & Standpipes	19,984,585	8,601,998		8,601,998	0	8,601,998
39	331.4	TD Mains	529,320,026	81,680,744		81,680,744	0	81,680,744
40	333.4	Services	80,326,966	37,819,977		37,819,977	0	37,819,977
41	334.4	Meters & Meter Installations	110,472,906	38,242,531		38,242,531	0	38,242,531
42	335.4	Hydrants	46,265,500	2,885,479		2,885,479	0	2,885,479
43	336.4	Backflow Prevention Devices	0	0		0	0	0
44	339.4	Other Plant & Equip TD	0	0		0	0	0
45								
46		Total Transmission and Distribution	$801,722,706	$169,844,755		$169,844,755	$0	$169,844,755

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ACCUMULATED DEPRECIATION AND AMORTIZATION
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 2 of 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Base Period Total Company	Accumulated Reserve Balances Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustments	Adjusted Jurisdiction
1								
2								
3		General Plant						
4	303.5	Land & Land Rights AG	$0	$0	100%	$0	$0	$0
5	304.5	Struct & Improve AG	21,240,621	6,052,010		6,052,010	0	6,052,010
6	340.5	Office Furniture and Equipment	17,783,658	6,008,988		6,008,988	0	6,008,988
7	341.5	Transportation Equipment	15,324,938	6,295,782		6,295,782	0	6,295,782
8	342.5	Stores Equipment	339,106	54,264		54,264	0	54,264
9	343.5	Tools, Shop and Garage Equipment	5,548,653	1,824,352		1,824,352	0	1,824,352
10	344.5	Laboratory Equipment	686,440	245,326		245,326	0	245,326
11	345.5	Power Operated Equipment	2,354,778	1,089,252		1,089,252	0	1,089,252
12	346.5	Communication Equipment	7,216,651	2,969,195		2,969,195	0	2,969,195
13	347.5	Miscellaneous Equipment	4,481,685	658,751		658,751	0	658,751
14	348.5	Other Tangible Property	12,907	12,692		12,692	0	12,692
15								
16								
17		Total General	$74,989,439	$25,210,611		$25,210,611	$0	$25,210,611
18								
19	Various	Acquisitions	17,886,454	9,122,402		9,122,402	0	9,122,402
20								
21		Total Utility Plant in Service	$1,163,023,447	$266,012,430		$266,012,430	$0	$266,012,430
22								
23								
24								
25								

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ACCUMULATED DEPRECIATION AND AMORTIZATION
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 3 of 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances: Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustment	Adjusted Jurisdiction	13 Month Average
1									
2									
3		Intangible Plant							
4	301.1	Organization	$37,450	$0	100%	$0	$0	$0	$0
5	302.1	Franchise/Consents	70,261	0		0	0	0	0
6	339.1	Other Plant & Equip Intangible	6,403,731	1,532,066		1,532,066	0	1,532,066	1,296,568
7									
8		Total Intangibles	$6,511,442	$1,532,066		$1,532,066	$0	$1,532,066	$1,296,568
9									
10		Source of Supply and Pumping Plant							
11	303.2	Land and Land Rights - SS	$5,839,605	$0		$0	$0	$0	$0
12	304.2	Structures and Improvements SS	48,687,688	9,563,366		9,563,366	0	9,563,366	9,365,702
13	305.2	Collecting and Impounding Reservoirs	819,260	388,973		388,973	0	388,973	383,607
14	306.2	Lake, River and Other Intakes	4,334,970	888,697		888,697	0	888,697	850,549
15	307.2	Wells and Springs	0	0		0	0	0	0
16	308.2	Infiltration Galleries & Tunnels	0	0		0	0	0	0
17	309.2	Supply Mains	20,313,823	7,073,881		7,073,881	0	7,073,881	6,953,481
18	310.2	Power Generation Equip	5,678,201	2,452,851		2,452,851	0	2,452,851	2,361,148
19	311.2	Pumping Equipment SS	42,919,468	12,506,043		12,506,043	0	12,506,043	11,913,101
20	339.2	Other Plant & Equip SS	0	0		0	0	0	0
21	354.2	Other Plant & Equip WT	0	0		0	0	0	0
22									
23		Total Source of Supply & Pumping	$128,593,016	$32,873,811		$32,873,811	$0	$32,873,811	$31,827,588
24									
25		Water Treatment Plant							
26	303.3	Land and Land Rights	$800,183	$0		$0	$0	$0	$0
27	304.3	Structures and Improvements	75,994,216	11,867,005		11,867,005	0	11,867,005	11,568,680
28	311.3	Pumping Equipment WT	4,426,226	(1,004,682)		(1,004,682)	0	(1,004,682)	(904,170)
29	320.3	Water Treatment Equipment	89,781,380	22,804,583		22,804,583	0	22,804,583	21,821,520
30	339.3	Other Plant & Equip WT	0	0		0	0	0	0
31									
32		Total Water Treatment	$171,002,006	$33,666,906		$33,666,906	$0	$33,666,906	$32,486,030
33									
34		Transmission and Distribution Plant							
35	303.4	Land and Land Rights TD	$7,549,865	$0		$0	$0	$0	$0
36	304.4	Struct & Improve TD	5,474,318	562,654		562,654	0	562,654	483,136
37	311.4	Pumping Equipment TD	2,315,624	363,199		363,199	0	363,199	325,832
38	330.4	Dist Reservoirs & Standpipes	19,980,174	9,102,849		9,102,849	0	9,102,849	8,915,040
39	331.4	TD Mains	573,699,529	84,147,256		84,147,256	0	84,147,256	83,154,280
40	333.4	Services	87,429,607	40,103,645		40,103,645	0	40,103,645	39,223,980
41	334.4	Meters & Meter Installations	123,729,599	56,085,950		56,085,950	0	56,085,950	49,084,216
42	335.4	Hydrants	51,000,332	2,245,724		2,245,724	0	2,245,724	2,472,966
43	336.4	Backflow Prevention Devices	0	0		0	0	0	0
44	339.4	Other Plant & Equip TD	0	0		0	0	0	0
45									
46		Total Transmission and Distribution	$871,179,048	$192,611,276		$192,611,276	$0	$192,611,276	$183,659,449

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ACCUMULATED DEPRECIATION AND AMORTIZATION
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-3
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 4 of 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	NARUC 96 Acct No.	Account Title	Forecasted Period Total Company	Accumulated Reserve Balances: Total Company	Jurisdictional Percent	Jurisdictional Total	Adjustment	Adjusted Jurisdiction	13 Month Average
1									
2									
3		General Plant							
4	303.5	Land & Land Rights AG	$0	$0	100%	$0	$0	$0	$0
5	304.5	Struct & Improve AG	25,413,931	6,762,497		6,762,497	0	6,762,497	6,470,497
6	340.5	Office Furniture and Equipment	18,906,205	2,638,723		2,638,723	0	2,638,723	3,797,351
7	341.5	Transportation Equipment	17,610,962	6,269,513		6,269,513	0	6,269,513	6,274,326
8	342.5	Stores Equipment	339,106	76,193		76,193	0	76,193	67,969
9	343.5	Tools, Shop and Garage Equipment	6,317,721	2,259,407		2,259,407	0	2,259,407	2,091,041
10	344.5	Laboratory Equipment	412,087	(60,981)		(60,981)	0	(60,981)	63,584
11	345.5	Power Operated Equipment	2,777,191	1,094,084		1,094,084	0	1,094,084	1,091,737
12	346.5	Communication Equipment	10,329,319	3,362,897		3,362,897	0	3,362,897	3,194,244
13	347.5	Miscellaneous Equipment	6,645,674	332,753		332,753	0	332,753	455,002
14	348.5	Other Tangible Property	12,907	12,692		12,692	0	12,692	12,692
15									
16									
17		Total General	$88,765,102	$22,747,777		$22,747,777	$0	$22,747,777	$23,518,442
18									
19	Various	Acquisitions	19,086,454	9,999,898		9,999,898	0	9,999,898	9,668,234
20									
21		Total Utility Plant in Service	$1,285,137,068	$293,431,734		$293,431,734	$0	$293,431,734	$282,456,312
22									
23									
24									
25									

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-3.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2	Accumulated Depreciaton Adjustment	-	100%	$0	W/P-4-1 / W/P-1-2	
3						
4						
5						
6						
7						

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ADJUSTMENTS TO ACCUMULATED DEPRECIATION AND AMORTIZATION
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-3.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Adjustment Title	Total Company Adjustment	Jurisdictional Percent	Jurisdictional Adjustment	Workpaper Reference	Description and Purpose of Adjustment
1						
2	Accumulated Depreciaton Adjustment	-	100%	$0	W/P-4-1 / W/P-1-2	
3						
4						
5						
6						
7						

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 1 OF 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Depr Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Current Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	339.10	Other P/E Intangibles	$0	$0	0.00%	$0	0%	10	SQ
4	339.60	Other P/E Comprehensive Studies	2,844,163	1,006,798	9.84%	279,866	0%	10	SQ
5	304.10	SS Structures and Improvements	30,524,819	5,767,683	2.71%	827,223	-10%	45	R2.5
6	305.00	Coll and Impounding Reservoir	819,260	374,664	1.31%	10,732	0%	75	R2
7	306.00	Lake, River, and Other Intakes	4,334,970	786,969	1.76%	76,295	-10%	55	S1.5
8	307.00	Wells and Springs	0	0	0.00%	0	0%		
9	309.00	Supply Mains	20,324,961	6,752,770	1.24%	252,030	-10%	80	R3
10									
11	304.20	Pumping Structures and Improvements	12,210,415	3,313,214	1.56%	190,482	-15%	65	R1.5
12	310.10	Other Power Production Equipment	5,678,201	2,208,309	3.23%	183,406	-5%	35	R3
13	311.20	Electric Pumping Equipment	24,474,097	5,023,351	3.67%	898,199	-15%	40	S0.5
14	311.30	Diesel Pumping Equipment	349,964	209,524	4.18%	14,628	-15%	40	S0.5
15	311.40	Hydraulic Pumping Equipment	2,666	4,143	0.00%	0	-15%	40	S0.5
16	311.52	Source of Supply Pumping Equipment	17,111,641	5,699,656	3.14%	537,306	-15%	40	S0.5
17	311.53	WT Pumping Equipment	4,470,997	(737,103)	3.16%	141,284	-15%	40	S0.5
18	311.54	T & D Pumping Equipment	2,321,220	263,492	3.43%	79,618	-15%	40	S0.5
19									
20	304.30	WT Structures and Improvements	67,291,381	11,114,511	1.74%	1,170,870	-15%	65	R1.5
21	320.11	Water Treatment Equipment	72,714,270	19,624,923	2.45%	1,781,500	-15%	50	R2
22	320.10	Water Treatment Equipment-Str	0	0	0.00%	0	0%	50	R2
23	320.20	Water Treatment - GAC	900,544	685,251	9.76%	87,893	0%	10	S3
24									
25	304.40	T & D Structures and Improvements	5,481,638	350,534	3.06%	167,738	-5%	40	R3
26	330.00	Dist Res and Standpipes	1,777,826	590,746	2.13%	37,868	-10%	60	R4
27	330.10	Elevated Tanks & Standpipes	14,200,983	6,882,521	1.85%	262,718	-10%	60	R4
28	330.20	Ground Level Facilities	2,909,632	770,801	1.99%	57,902	0%	60	R4
29	330.40	Clearwells	1,096,143	357,930	1.87%	20,498	0%	60	R4
30	331.00	T & D Mains	529,320,026	81,680,744	1.36%	7,198,752	-25%	90	R4
31	333.00	Services	80,326,966	37,819,977	2.96%	2,377,678	-75%	55	R4
32	334.10	Meters	56,859,229	15,732,444	24.04%	13,668,959	-20%	10	R3
33	334.11	Meters - Bronze Case	2,390,105	2,474,796	24.00%	573,625	-20%	10	R3
34	334.12	Meters - Plastic Case	467,419	369,314	59.37%	277,507	-20%	10	R3
35	334.13	Meters - Other	7,041,613	7,013,702	26.36%	1,856,169	-20%	10	R3
36	334.20	Meter Installations	38,869,157	12,875,317	1.80%	699,645	-20%	60	R3
37	334.30	Meter Vaults	4,845,383	(223,041)	2.17%	105,145	-20%	60	S0.5
38	335.00	Hydrants	46,265,500	2,885,479	2.38%	1,101,119	-40%	65	R4
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 2 OF 4
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Cuurent Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	304.60	Office Structures and Improvements	13,264,654	3,082,387	4.82%	639,356	-15%	60	R2
5	304.61	Other Structures and Improvements	5,027,435	1,787,894	1.84%	92,505	-15%	60	R2
6	304.70	Stores, Shop & Garage Structures	1,781,714	578,306	1.90%	33,853	0%	55	R3
7	304.80	Misc Structures	1,166,818	603,423	5.55%	64,758	0%	25	S0.5
8	340.10	Office Furniture	787,872	269,675	6.22%	49,006	0%	20	SQ
9	340.21	Mainframe Comp & Periph Eqpt	(1,637)	(1,747)	32.16%	(527)	0%	5	SQ
10	340.22	Personal Comp & Periph Eqpt	88,498	40,293	5.13%	4,540	0%	5	SQ
11	340.23	Computers & Periph Other	2,994,251	1,168,398	33.39%	999,780	0%	5	SQ
12	340.30	Mainframe Software	(1,131,686)	(1,139,820)	3.45%	(39,043)	0%	5	SQ
13	340.32	Personal Comp Software	14,986,938	5,790,223	17.20%	2,577,753	0%	5	SQ
14	340.33	Other Software	(86,121)	(142,496)	0.00%	0	0%	15	SQ
15	340.50	Other Office Equipment	145,544	24,461	5.79%	8,427	0%	15	SQ
16	340.51	Computer Software Special	0	0	0.00%	0	0%		
17	341.10	Trans Equip-Light Trucks	6,480,004	3,365,692	7.08%	458,784	15%	5	L2.5
18	341.20	Trans Equip-Heavy Trucks	5,728,201	1,749,610	3.96%	226,837	15%	15	L2
19	341.30	Trans Equip-Cars	1,124,655	229,422	7.41%	83,337	20%	5	S2.5
20	341.40	Other Trans Equip	1,992,078	951,057	0.00%	0	20%	5	L2.5
21	342.00	Stores Equipment	339,106	54,264	4.85%	16,447	0%	25	SQ
22	343.00	Tools, Shop, & Garage Equip	5,548,653	1,824,352	5.75%	319,048	0%	20	SQ
23	344.00	Laboratory Equipment	686,440	245,326	28.91%	198,450	0%	10	SQ
24	345.00	Power Operated Equipment	2,354,778	1,089,252	1.08%	25,432	10%	25	R2.5
25	346.10	Communication Equipment-nontelephone	3,059,306	619,868	7.20%	220,270	0%	15	SQ
26	346.19	Communication Equipment-remote control	4,017,055	2,151,890	9.23%	370,774	0%	15	SQ
27	346.20	Communication Equipment-telephone	140,289	197,437	6.91%	9,694	0%	15	SQ
28	347.00	Misc Equipment	4,481,685	658,751	6.72%	301,169	0%	20	SQ
29	348.00	Other Tangible Property	12,907	12,692	0.00%	0	0%	20	SQ
30									
31	Various	Acquisitions Depreciable Plant	17,868,281	9,122,402	3.48%	621,690	Composite Depreciation Rate Used		
32									
33		**Total Depreciable Property**	$1,151,082,910	$266,012,430		$41,597,305			
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
PROPOSED DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 3 OF 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Proposed Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3	339.10	Other P/E Intangibles	$0	$0	0.00%	$0	0%	10	SQ
4	339.60	Other P/E Comprehensive Studies	4,495,246	1,296,568	9.84%	442,332	0%	10	SQ
5	304.10	SS Structures and Improvements	31,628,470	6,100,875	2.71%	857,132	-15%	45	R2.5
6	305.00	Coll and Impounding Reservoir	819,260	383,607	1.31%	10,732	0%	75	R2
7	306.00	Lake, River, and Other Intakes	4,334,970	850,549	1.76%	76,295	-10%	55	S1.5
8	307.00	Wells and Springs	0	0	0.00%	0	0%	0	0
9	309.00	Supply Mains	20,318,000	6,953,481	1.24%	251,943	-10%	80	R3
10									
11	304.20	Pumping Structures and Improvements	13,068,956	3,264,827	1.56%	203,876	-15%	65	R1.5
12	310.10	Other Power Production Equipment	5,678,201	2,361,148	3.23%	183,406	-5%	35	R3
13	311.20	Electric Pumping Equipment	25,014,911	5,579,196	3.67%	918,047	-20%	40	S0.5
14	311.30	Diesel Pumping Equipment	349,964	221,714	4.18%	14,628	-20%	40	S0.5
15	311.40	Hydraulic Pumping Equipment	2,666	4,143	0.00%	0	-20%	40	S0.5
16	311.52	Source of Supply Pumping Equipment	17,072,807	6,108,048	3.14%	536,086	-20%	40	S0.5
17	311.53	WT Pumping Equipment	4,443,015	(904,170)	3.16%	140,399	-20%	40	S0.5
18	311.54	T & D Pumping Equipment	2,317,723	325,832	3.43%	79,498	-20%	40	S0.5
19									
20	304.30	WT Structures and Improvements	72,328,509	11,568,680	1.74%	1,258,516	-15%	65	R1.5
21	320.11	Water Treatment Equipment	83,269,357	21,089,594	2.45%	2,040,099	-15%	50	R2
22	320.10	Water Treatment Equipment-Str	0	0	0.00%	0	0%	50	R2
23	320.20	Water Treatment - GAC	878,998	731,926	9.76%	85,790	-10%	10	S3
24									
25	304.40	T & D Structures and Improvements	5,477,063	483,136	3.06%	167,598	-5%	40	R3
26	330.00	Dist Res and Standpipes	1,777,826	622,303	2.13%	37,868	-15%	60	R4
27	330.10	Elevated Tanks & Standpipes	14,198,937	7,099,389	1.85%	262,680	-15%	60	R4
28	330.20	Ground Level Facilities	2,908,922	818,337	1.99%	57,888	-15%	60	R4
29	330.40	Clearwells	1,096,143	375,011	1.87%	20,498	-15%	60	R4
30	331.00	T & D Mains	554,211,098	83,154,280	1.36%	7,537,271	-20%	90	R4
31	333.00	Services	84,217,804	39,223,980	2.96%	2,492,847	-65%	55	R4
32	334.10	Meters	65,162,212	24,377,986	24.04%	15,664,996	-15%	10	R3
33	334.11	Meters - Bronze Case	2,380,894	2,940,527	24.00%	571,415	-15%	10	R3
34	334.12	Meters - Plastic Case	465,469	597,536	59.37%	276,349	-15%	10	R3
35	334.13	Meters - Other	6,931,792	8,388,499	26.36%	1,827,220	-15%	10	R3
36	334.20	Meter Installations	39,699,037	13,053,637	1.80%	714,583	-20%	60	R3
37	334.30	Meter Vaults	4,788,557	(273,969)	2.17%	103,912	-20%	60	S0.5
38	335.00	Hydrants	48,912,790	2,472,966	2.38%	1,164,124	-40%	65	R4
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
DEPRECIATION ACCRUAL RATES AND ACCUMULATED BALANCES BY ACCOUNT
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-3.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-3
PAGE 4 OF 4
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-2

Line No.	Acct No.	Account Title	Adjusted Jurisdiction Plant Investment	Adjusted Jurisdiction Accumulated Reserve	Proposed Accrual Rate	Calculated Depreciation Expense	% Net Salvage	Average Service Life	Curve Form
1									
2									
3									
4	304.60	Office Structures and Improvements	17,091,095	3,598,230	4.82%	823,791	-15%	60	R2
5	304.61	Other Structures and Improvements	4,853,047	1,638,260	1.84%	89,296	-15%	60	R2
6	304.70	Stores, Shop & Garage Structures	1,767,320	585,438	1.90%	33,579	0%	55	R3
7	304.80	Misc Structures	1,158,751	648,568	5.55%	64,311	0%	25	S0.5
8	340.10	Office Furniture	778,565	294,426	6.22%	48,427	0%	20	SQ
9	340.21	Mainframe Comp & Periph Eqpt	(4,366)	(5,295)	32.16%	(1,404)	0%	5	SQ
10	340.22	Personal Comp & Periph Eqpt	88,498	44,076	5.13%	4,540	0%	5	SQ
11	340.23	Computers & Periph Other	3,280,680	1,518,760	33.39%	1,095,419	0%	5	SQ
12	340.30	Mainframe Software	(3,017,830)	(3,086,698)	3.45%	(104,115)	0%	5	SQ
13	340.32	Personal Comp Software	16,328,487	5,640,032	17.20%	2,808,500	0%	5	SQ
14	340.33	Other Software	(593,792)	(643,325)	0.00%	0	0%	15	SQ
15	340.50	Other Office Equipment	318,506	35,374	5.79%	18,441	0%	15	SQ
16	340.51	Computer Software Special	0	0	0.00%	0	0%		
17	341.10	Trans Equip-Light Trucks	6,819,762	3,391,669	7.08%	482,839	25%	5	L2.5
18	341.20	Trans Equip-Heavy Trucks	6,362,878	1,758,131	3.96%	251,970	15%	15	L2
19	341.30	Trans Equip-Cars	1,250,834	271,350	7.41%	92,687	20%	5	S2.5
20	341.40	Other Trans Equip	2,002,306	853,176	0.00%	0	25%	5	L2.5
21	342.00	Stores Equipment	339,106	67,969	4.85%	16,447	0%	25	SQ
22	343.00	Tools, Shop, & Garage Equip	6,029,923	2,091,041	5.75%	346,721	0%	20	SQ
23	344.00	Laboratory Equipment	503,664	63,584	28.91%	145,609	0%	10	SQ
24	345.00	Power Operated Equipment	2,607,645	1,091,737	1.08%	28,163	10%	25	R2.5
25	346.10	Communication Equipment-nontelephone	3,036,437	754,578	7.20%	218,623	0%	15	SQ
26	346.19	Communication Equipment-remote control	5,931,701	1,965,827	9.23%	547,496	0%	15	SQ
27	346.20	Communication Equipment-telephone	122,391	473,839	6.91%	8,457	0%	15	SQ
28	347.00	Misc Equipment	5,876,283	455,002	6.72%	394,886	0%	20	SQ
29	348.00	Other Tangible Property	12,907	12,692	0.00%	0	0%	20	SQ
30									
31	Various	Acquisitions Depreciable Plant	19,064,953.75	9,668,234.46		0			
32									
33		**Total Depreciable Property**	$1,220,259,350	$282,456,312		$45,412,711			
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
CONSTRUCTION WORK IN PROGRESS
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-4
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-4
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs AFUDC Capitalized	Accumulated Costs Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1									
2									
3		**NONE**							
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
CONSTRUCTION WORK IN PROGRESS
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-4
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-4
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs AFUDC Capitalized	Accumulated Costs Indirect Costs	Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
1									
2									
3		**NONE**							
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-4.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-4
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number		Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1									
2									
3		**NONE**							
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-4.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-4
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-3

Line No.	Project Number		Date Construction Began	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1									
2									
3		**NONE**							
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ALLOWANCE FOR WORKING CAPITAL
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-5
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: SCH 4.1/4.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3						
4						
5						
6	Working Capital	Lead/Lag Study	B-5.2, Page 4/6	$0	100.00%	$0
7						
8						
9						
10	Materials and Supplies	13-Month Average Balance	B-5.1, Page 2/2	$4,596,235	100.00%	$4,596,235

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
ALLOWANCE FOR WORKING CAPITAL
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-5
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: SCH 4.1/4.2

Line No.	Working Capital Component	Description of Methodology Used to Determine Jurisdictional Requirement	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3	Working Capital	Lead/Lag Study	B-5.2, Page 1/6	$0	100.00%	$0
4						
5						
6						
7	Materials and Supplies	13-Month Average Balance	B-5.1, Page 1/2	$4,596,235	100.00%	$4,596,235

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL COMPONENTS
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-5.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-5

Line No.	Description	24 - Month Average For Period Total Company	24 - Month Average For Period Jurisdictional Percent	24 - Month Average For Period Jurisdictional Amount	Period Balance Total Company	Period Balance Jurisdictional Percent	Period Balance Jurisdictional Amount
1							
2							
3	Materials and Supplies						
4							
5							
6	Materials & Supplies	$4,596,235	100.00%	$4,596,235	$4,596,235	100.00%	$4,596,235
7							
8				0	0		0
9							
10		$4,596,235		$4,596,235	$4,596,235		$4,596,235
11							
12							
13							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL COMPONENTS
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-5.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1-5

Line No.	Description	24 - Month Average For Period Total Company	24 - Month Average For Period Jurisdictional Percent	24 - Month Average For Period Jurisdictional Amount	Period Balance Total Company	Period Balance Jurisdictional Percent	Period Balance Jurisdictional Amount
1							
2							
3							
4							
5							
6	Materials and Supplies						
7							
8							
9	Materials and Supplies	$4,596,235	100.00%	$4,596,235	$4,596,235	100.00%	$4,596,235
10							
11				0	0		0
12							
13		$4,596,235		$4,596,235	$4,596,235		$4,596,235
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19							

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 1 OF 6
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Days	Amount
1			
2			
3	**None**		
4			
5			
6			
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14			
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 2 OF 6
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Amount	Post Payment or (Lead) Days	Dollar Days
1				
2				
3	**NONE**			
4				
5				
6				
7				
8				
9				
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 3 OF 6
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.		Revenues Amount	Median Service Days	Dollar Days
1				
2				
3	**NONE**			
4				
5				
6				
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KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 4 OF 6
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Days	Amount
1			
2	**NONE**		
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 5 OF 6
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:
*

Line No.	DESCRIPTION	Amount	Post Payment or (Lead) Days	Dollar Days
1				
2				
3	**NONE**			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-5
PAGE 6 OF 6
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.		Revenues Amount	Median Service Days	Dollar Days
1				
2				
3	**NONE**			
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
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35				
36				
37				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
Base Year at August 31, 2026

EXHIBIT 37, SCHEDULE B-6
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-6
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD ___ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount
1						
2						
3	252	Customer Advances	W/P-1-6	$21,070,634	100.00%	$21,070,634
4						
5	271	Contributions in Aid of Construction	W/P-1-7	$74,932,715		$74,932,715
6						
7	255	Investment Tax Credits:				
8		Pre 1971 3% Credit	W/P-1-9	$2		$2
9		1971-1975 4% Credit				
10		1975-12/31/85 10% Credit				
11						
12				$2		$2
13						
14						
15	282	Deferred Taxes:				
16		Utiltiy Plant in Service	W/P-1-8	$124,004,876		$124,004,876
17		Deferred Maintenance	W/P-1-8	2,509,178		2,509,178
18		Deferred Debits	W/P-1-8	204,127		204,127
19						
20						
21						
22						
23						
24				$126,718,181		$126,718,181

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
DEFERRED CREDITS AND ACCUMULATED DEFERRED INCOME TAXES
Forecast Year at December 31, 2027

EXHIBIT 37, SCHEDULE B-6
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-6
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: W/P-1

Line No.	Acct No.	Description	Workpaper Reference	Total Company	Jurisdictional Percent	Jurisdictional Amount	13-Month Average Balance
1							
2							
3	252	Customer Advances	W/P-1-6	$26,060,340	100.00%	$26,060,340	$24,270,450
4							
5	271	Contributions in Aid of Construction	W/P-1-7	$73,354,392		$73,354,392	$74,060,868
6							
7	255	Investment Tax Credits:					
8		Pre 1971 3% Credit	W/P-1-9	$2		$2	$2
9		1971-1975 4% Credit					
10		1975-12/31/85 10% Credit					
11							
12				$2		$2	$2
13							
14							
15	282	Deferred Taxes:					
16		Utility Plant in Service	W/P-1-8	$132,929,349		$132,929,349	$129,269,865
17		Deferred Maintenance	W/P-1-8	2,586,447		2,586,447	2,516,683
18		Deferred Debits	W/P-1-8	185,139		185,139	192,260
19							
20							
21							
22							
23							
24				$135,700,935		$135,700,935	$131,978,808

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
JURISDICTIONAL PERCENTAGES

EXHIBIT 37, SCHEDULE B-7
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-7
PAGE 1 OF 1
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Acct No.	Account Title	Jurisdictional Percentage	Description of Factors And/Or Method of Allocation
1				
2				
3				
4		**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY**		

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
JURISDICTIONAL STATISTICS - RATE BASE

EXHIBIT 37, SCHEDULE B-6.1
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-7
PAGE 1 OF 1
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	Statistic Total Company	Adjustment	Adjusted Statistic	Statistic For Rate Area	Allocation Factor
1						
2						
3						
4	**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY**					

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
EXPLANATION OF CHANGES IN JURISDICTIONAL PROCEDURES

EXHIBIT 37, SCHEDULE B-6.2
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-7
PAGE 1 OF 1
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description
1	
2	
3	
4	**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY**

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2020 - 2024 AND BASE AND FORECASTED PERIODS

EXHIBIT 37, SCHEDULE B-8
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-8
PAGE 1 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Utility Plant**													
3	Utility Plant in Service	$875,828,894	4.74%	$917,350,129	5.29%	$965,856,182	5.93%	$1,023,143,558	9.46%	$1,119,883,060	3.85%	$1,163,023,447	6.09%	$1,233,847,445
4	CWIP	8,602,395	27.90%	11,002,893	27.39%	14,016,257	209.95%	43,443,046	-54.26%	19,872,261	27.07%	25,251,483	24.71%	31,490,852
5	Accum Prov - Depr/Amort	(198,341,570)	5.74%	(209,730,488)	2.00%	(213,919,611)	6.98%	(228,846,192)	7.90%	(246,922,090)	7.73%	(266,012,430)	6.18%	(282,456,312)
6	UPAA	353,620	-9.25%	320,917	-60.77%	125,882	-19.18%	101,740	-23.73%	77,598	-1306.22%	(935,999)	-7.13%	(869,242)
7														
8	Total Net Utility Plant	686,443,340	4.73%	718,943,451	6.56%	766,078,711	9.37%	837,842,152	6.57%	892,910,828	3.18%	921,326,501	6.59%	982,012,743
9														
10	**Other Property and Investments**													
11	Non-Util, Unrecovered	249,738	0.00%	249,738	0.00%	249,738	22.59%	306,144	-1.61%	301,220	-0.79%	298,825	0.00%	298,825
12	Accum Prov - Depr/Amort	0		0		0		0		0		0		0
13	Investment in Assoc. Co's	0		0		0		0		0		0		0
14	Other Investments	0		0		0		0		0		0		0
15														
16	Total Other Property and													
17	Investments	249,738	0.00%	249,738	0.00%	249,738	-18.42%	306,144	1.63%	301,220	0.80%	298,825	0.00%	298,825
18														
19	**Current and Accrued Assets**													
20	Cash and Cash Equivalents	(1,445,901)	-90.20%	(141,731)	-225.78%	178,274	280.48%	678,287	-58.00%	284,895	171.50%	773,491	0.00%	773,491
21	Temporary Cash Investments	0		0		0		0		0		0		0
22	Customer Accounts													
23	Receivable	5,565,420	17.65%	6,547,977	9.58%	7,175,525	9.14%	7,831,289	-2.52%	7,634,231	20.23%	9,178,876	8.46%	9,955,397
24	Accum Prov - Uncollectibles	(966,832)	-22.84%	(745,987)	-2.60%	(726,603)	-11.91%	(640,041)	27.25%	(814,448)	4.84%	(853,887)	16.64%	(995,944)
25	Accrued Utility Revenues	4,567,979	8.00%	4,933,336	2.63%	5,062,842	32.95%	6,731,187	4.59%	7,040,458	72.01%	12,110,280	0.41%	12,159,492
26	Income Tax Refund due													
27	From Assoc. Co	1,264,180	191.04%	3,679,270	60.73%	5,913,673	-91.21%	519,981	-51.54%	251,998	1182.86%	3,232,779	16.79%	3,775,630
28	Misc Accounts Receivable	1,313,314	21.33%	1,593,443	-1.01%	1,577,388	19.54%	1,885,615	-17.15%	1,562,162	222.79%	5,042,498	8.83%	5,487,706
29	Materials and Supplies	2,006,394	151.45%	5,044,991	15.28%	5,815,622	-25.92%	4,308,187	12.06%	4,827,865	-4.80%	4,596,235	0.00%	4,596,235
30	Other	607,618	-35.57%	391,516	54.21%	603,744	35.99%	821,050	-40.83%	485,778	125.19%	1,093,920	-14.03%	940,438
31														
32	Total Current and Accrued													
33	Assets	12,912,172	-39.39%	21,302,817	-16.79%	25,600,464	15.65%	22,135,553	4.05%	21,272,939	-39.52%	35,174,192	-4.14%	36,692,445
34														
35	**Deferred Debits**													
36	Unamortized Debt and													
37	Preferred Stock Expense	2,477,382	-10.30%	2,222,290	7.56%	2,390,373	-2.43%	2,332,236	-2.87%	2,265,220	11.74%	2,531,114	3.98%	2,631,892
38	Unamortized Rate Case													
39	Expenses	0	0.00%	46,586	2491.06%	1,207,062	-49.16%	613,672	76.14%	1,080,928	-68.11%	344,739	107.31%	714,681
40	Preliminary Survey and													
41	Investigation Charges	0		0		0		0		0		0		0
42	Misc Deferred Debits	13,009,955	-8.19%	11,944,248	3.89%	12,408,729	0.90%	12,519,975	-10.65%	11,186,465	-2.78%	10,874,973	-0.16%	10,857,486
43														
44	Total Deferred Debits	15,487,337	8.97%	14,213,124	-11.20%	16,006,164	3.49%	15,465,883	6.42%	14,532,613	5.69%	13,750,826	-3.19%	14,204,059
45														
46														
47	Total Assets	$715,092,587	-5.25%	$754,709,129	-6.59%	$807,935,076	-7.74%	$875,749,732	-5.73%	$929,017,601	-4.28%	$970,550,345	-6.06%	$1,033,208,073

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2020 - 2024 AND BASE AND FORECASTED PERIODS

EXHIBIT 37, SCHEDULE B-8
Rate Base\[KAWC 2026 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx]Sch B-8
PAGE 2 OF 2
Witness Responsible: John Watkins

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).:

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Common Equity**													
3	Common Stock Issued	$36,568,777	0.00%	$36,568,777	0.00%	$36,568,777	0.00%	$36,568,777	0.00%	$36,568,777	0.00%	$36,568,777	0.00%	$36,568,777
4	Paid-In-Capital	113,497,297	13.30%	128,596,474	7.85%	138,685,407	19.82%	166,179,077	4.21%	173,179,077	23.10%	213,179,077	4.15%	222,025,231
5	Retained Earnings	91,166,904	15.59%	105,383,410	5.94%	111,645,642	6.94%	119,389,042	11.94%	133,648,506	2.71%	137,270,388	13.47%	155,756,719
6														
7	Total Common Equity	241,232,977	12.15%	270,548,661	6.04%	286,899,826	12.28%	322,136,895	6.60%	343,396,359	12.70%	387,018,242	7.06%	414,350,726
8	Preferred Stock Issued	2,250,000	0.00%	2,250,000	0.00%	2,250,000	0.00%	2,250,000	0.00%	2,250,000	0.00%	2,250,000	0.00%	2,250,000
9	Long-Term Debt	234,587,403	-9.81%	211,563,729	21.27%	256,572,840	10.85%	284,417,797	3.58%	294,591,722	14.43%	337,100,189	11.18%	374,803,079
10	Current Portion - LTD	0		33,000,000		0		0		19,000,000		7,500,000		0
11														
12	Total Capitalization	478,070,380	-7.59%	517,362,390	-5.20%	545,722,666	-10.36%	608,804,692	-7.65%	659,238,081	-10.17%	733,868,431	-7.27%	791,403,805
13														
14	**Current and Accrued Liabilities**													
15	Notes Payable	20,290,950	-31.68%	13,862,132	66.61%	23,096,359	-55.02%	10,388,870	37.66%	14,300,921	-38.18%	8,841,332	-59.34%	3,595,268
16	Accounts Payable	7,827,631	22.15%	9,561,458	51.80%	14,514,200	38.85%	20,152,745	28.38%	25,871,919	-83.77%	4,198,897	10.34%	4,633,161
17	Accrued Taxes	8,693,650	-0.82%	8,622,162	42.41%	12,278,888	16.04%	14,248,605	10.05%	15,681,106	-74.64%	3,976,213	-10.07%	3,575,832
18	Accrued Interest	1,933,742	1.92%	1,970,825	13.46%	2,236,003	22.12%	2,730,669	18.09%	3,224,553	-14.80%	2,747,379	-14.28%	2,355,136
19	Customer Deposits	0		0		0		0		0		0		0
20	Dividends Declared	0		0		0		0		0		0		0
21	Other	6,739,795	-13.68%	5,818,083	6.77%	6,211,863	30.93%	8,132,888	9.10%	8,873,075	-100.00%	0	0.00%	0
22														
23	Total Current and Accrued													
24	Liabilities	45,485,767	-12.42%	39,834,661	46.45%	58,337,313	-4.60%	55,653,778	22.10%	67,951,573	-70.91%	19,763,821	-28.36%	14,159,397
25														
26	**Deferred Credits**													
27	Customer Advances	10,706,203	8.23%	11,587,778	7.63%	12,471,933	29.35%	16,132,856	0.93%	16,282,300	29.41%	21,070,634	15.19%	24,270,450
28	Deferred Income Taxes	55,687,913	11.75%	62,230,799	13.65%	70,722,778	11.32%	78,727,774	2.65%	80,812,159	56.81%	126,718,181	4.15%	131,978,808
29	Accumulated Deferred ITC	63,067	-100.00%	1	0.00%	1	0.00%	1	0.00%	1	0.00%	1	0.00%	1
30	Other	46,975,180	-6.14%	44,091,898	-10.35%	39,527,683	-9.34%	35,836,935	-24.31%	27,125,423	-121.39%	(5,803,437)	-54.07%	(2,665,255)
31														
32	Total Deferred Credits	113,432,363	3.95%	117,910,475	4.08%	122,722,394	6.50%	130,697,566	-4.96%	124,219,882	14.30%	141,985,379	8.17%	153,584,003
33														
34	Contributions in Aid of													
35	Construction	78,104,076	1.92%	79,601,603	1.95%	81,152,704	-0.69%	80,593,696	-3.70%	77,608,064	-3.45%	74,932,715	-1.16%	74,060,868
36														
37														
38	Total Liabilities	$715,092,587	5.54%	$754,709,129	7.05%	$807,935,076	8.39%	$875,749,732	6.08%	$929,017,601	4.47%	$970,550,345	6.46%	$1,033,208,073

EXHIBIT 37
SCHEDULE C

JURISDICTIONAL OPERATING INCOME SUMMARY FOR BASE AND FORECASTED PERIOD

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
C-1	Operating Income Summary for the Base and Forecast Periods
C-2	Supporting Schedule for Operating Income Summary, Breakdown by Major Account Group & Individual Account

For electronic version, see KAW_APP_EX37C_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Jurisdictional Operating Income Summary for the Base and Forecasted Periods

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-1
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]Inc Statment - SCH C.1

Line No.	Major Acct. Group	Description	Supporting Schedule Reference	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year Ending December 31, 2027 At Present Rates	Adjustment for Proposed Rates	Forecast Year at Proposed Rates	Forecast Adjustment Workpaper	Forecast Adjustment Workpaper Location
1		**Operating Revenues**								
2	400	Water Revenues	Exh 37 C-2	$150,543,596	$9,489,493	$160,033,089	$17,572,656	$177,605,745	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut
3	400	Other Revenues	Exh 37 C-2	2,399,569	51,593	2,451,162	111,802	2,562,964	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut
4	420	AFUDC	Exh 37 C-3	0	0	0	0	0	N/A	N/A
5	**Total**	**Total Revenues (Sum Lines 2-4)**		$152,943,165	$9,541,086	$162,484,251	$17,684,458	$180,168,709		
6										
7	**401**	**Operating Expenses**								
8		**O&M:**								
9		Purchased Water	Exh 37 C-2	$334,607	$1,236,906	$1,571,513	$0	$1,571,513	W/P - 3-2	O&M\[KAWC 2026 Rate Case - Purchased Water Exhibit.xlsx]Exhibit
10		Fuel & Power	Exh 37 C-2	5,613,147	591,571	6,204,718	0	6,204,718	W/P - 3-3	O&M\[KAWC 2026 Rate Case - Fuel and Power Exhibit.xlsx]Exhibit
11		Chemicals	Exh 37 C-2	4,377,248	869,269	5,246,517	0	5,246,517	W/P - 3-4	O&M\[KAWC 2026 Rate Case - Chemicals Exhibit.xlsx]Link Out
12		Waste Disposal	Exh 37 C-2	846,556	(151,137)	695,419	0	695,419	W/P - 3-5	O&M\[KAWC 2026 Rate Case - Waste Disposal Exhibit.xlsx]Exhibit
13		Salaries and Wages	Exh 37 C-2	10,725,936	2,448,451	13,174,387	0	13,174,387	W/P - 3-1	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Labor Exhibit
14		Pension	Exh 37 C-2	142,581	(40,767)	101,814	0	101,814	W/P - 3-1c	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Pension Exhibit
15		OPEB	Exh 37 C-2	(636,641)	43,143	(593,498)	0	(593,498)	W/P - 3-1a	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Group Ins Exhibit
16		Group Insurance	Exh 37 C-2	2,165,618	504,852	2,670,470	0	2,670,470	W/P - 3-1a	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Group Ins Exhibit
17		Other Benefits	Exh 37 C-2	846,037	270,104	1,116,141	0	1,116,141	W/P - 3-1b	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Other Benefits Exhibit
18		Support Services	Exh 37 C-2	15,297,553	526,933	15,824,487	0	15,824,487	W/P - 3-7	O&M\[KAWC 2026 Rate Case - Support Services Exhibit.xlsx]Link Out
19		Contract Services	Exh 37 C-2	1,978,801	284,269	2,263,070	0	2,263,070	W/P - 3-18	O&M\[KAWC 2026 Rate Case - Contract Services Exhibit.xlsx]Exhibit
20		Building Maintenance & Services	Exh 37 C-2	1,057,575	111,345	1,168,919	0	1,168,919	W/P - 3-12	O&M\[KAWC 2026 Rate Case - Building Maintenance & Services Exhibit.xlsx]Exhibit
21		Telecommunications	Exh 37 C-2	310,235	1,693	311,927	0	311,927	W/P - 3-14	O&M\[KAWC 2026 Rate Case - Telecommunications Exhibit.xlsx]Exhibit
22		Postage, Printing, & Stationary	Exh 37 C-2	15,573	1,136	16,709	0	16,709	W/P - 3-15	O&M\[KAWC 2026 Rate Case - Postage, Printing & Stationary Exhibit.xlsx]Exhibit
23		Office Supplies & Services	Exh 37 C-2	387,874	166,807	554,681	0	554,681	W/P - 3-16	O&M\[KAWC 2026 Rate Case - Office Supplies Exhibit.xlsx]Exhibit
24		Advertising & Marketing	Exh 37 C-2	0	0	0	0	0	N/A	N/A
25		Employee Related Expense	Exh 37 C-2	242,936	2,805	245,741	0	245,741	W/P - 3-19	O&M\[KAWC 2026 Rate Case - Employee Related Expense Exhibit.xlsx]Exhibit
26		Miscellaneous Expense	Exh 37 C-2	1,031,823	(204,530)	827,293	0	827,293	W/P - 3-20	O&M\[KAWC 2026 Rate Case - Miscellaneous Expense Exhibit.xlsx]Exhibit
27		Rents	Exh 37 C-2	66,626	27,914	94,540	0	94,540	W/P - 3-11	O&M\[KAWC 2026 Rate Case - Rents Exhibit.xlsx]Exhibit
28		Transportation	Exh 37 C-2	360,455	250,310	610,765	0	610,765	W/P - 3-21	O&M\[KAWC 2026 Rate Case - Transportation Exhibit.xlsx]Exhibit
29		Uncollectible Accounts	Exh 37 C-2	853,887	142,057	995,944	109,351	1,105,295	W/P - 3-10	O&M\[KAWC 2026 Rate Case - Uncollectibles Expense Exhibit.xlsx]Exhibit
30		Other Customer Accounting	Exh 37 C-2	108,863	130,696	239,559	0	239,559	W/P - 3-9	O&M\[KAWC 2026 Rate Case - Customer Accounting Exhibit.xlsx]Exhibit
31		Regulatory Expense	Exh 37 C-2	344,739	369,942	714,681	0	714,681	W/P - 3-6	O&M\[KAWC 2026 Rate Case - Regulatory Expense Exhibit.xlsx]Exhibit
32		Insurance Other Than Group	Exh 37 C-2	2,202,071	657,811	2,859,882	0	2,859,882	W/P - 3-8	O&M\[KAWC 2026 Rate Case - IOTG Exhibit.xlsx]Exhibit
33		Maintenance Supplies & Services	Exh 37 C-2	2,581,178	308,941	2,890,119	0	2,890,119	W/P - 3-13	O&M\[KAWC 2026 Rate Case - Maintenance Supplies & Services Exhibit.xlsx]Exhibit
34	**Total**	**Total O&M Expenses (Sum of Lines 9-33):**		$51,255,277	$8,550,521	$59,805,797	$109,351	$59,915,148		
35										
36		**Other Expenses**								
37	**403**	Depreciation - Net of CIAC Amort	Exh 37 C-2	$31,981,340	$5,848,811	$37,830,151	$0	$37,830,151	W/P - 4-1	Rate Base/[KAWC 2026 Rate Case - Capital-Depr Exp.xlsx]Link Out
38	**406**	Amortization of UPAA	Exh 37 C-2	(16,887)	(63,221)	(80,108)	0	(80,108)	W/P - 4-2	Rate Base\[KAWC 2026 Rate Case - Amortization Expense.xlsx]Exhibit
39	**407**	Amortization Expense	Exh 37 C-2	73,322	(16,242)	57,080	0	57,080	W/P - 4-2	Rate Base\[KAWC 2026 Rate Case - Amortization Expense.xlsx]Exhibit
40										
41		State Income Tax	Exh 37 C-2							
42	**409**	Current State Income Tax	Exh 37 C-2	348,863	(518,044)	(169,182)	877,345	708,163	SCHEDULE E-1.4	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.4 State Inc Tax Forecast
43	**410**	Deferred State Income Tax	Exh 37 C-2	2,035,224	(55,597)	1,979,627	0	1,979,627	SCHEDULE E-1.4	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.4 State Inc Tax Forecast
44		Federal Tax	Exh 37 C-2							
45	**409**	Current Federal Income Tax	Exh 37 C-2	1,976,733	(2,079,050)	(102,316)	3,500,607	3,398,291	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast
46	**410**	Deferred Federal Income Tax	Exh 37 C-2	6,851,088	(699,709)	6,151,379	0	6,151,379	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast
47	**412**	Investment Tax Credits	Exh 37 C-2	0	0	0	0	0	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast
										O&M\[KAWC 2026 Rate Case - Property Tax Exhibit.xlsx]Exhibit
										O&M\[KAWC 2026 Rate Case - PSC Fees Exhibit.xlsx]Exhibit
										O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Payroll Tax Exhibit
48	**408**	General Taxes	Exh 37 C-2	6,429,473	5,339,459	11,768,932	28,207	11,797,139	W/P - 5-1, 5-2, 5-3, 5-4	O&M\[KAWC 2026 Rate Case - Taxes & Licenses Exhibit.xlsx]Exhibit
49		**Total Other Expense (Sum of Lines 37 -48)**		$49,679,156	$7,756,408	$57,435,563	$4,406,159	$61,841,722		
50										
51		**Total Expenses (Line 34 + Line 49):**		$100,934,432	$16,306,928	$117,241,361	$4,515,509	$121,756,870		
52										
53		**Utility Operating Income (Line 5 - Line 51):**		$52,008,733	($6,765,842)	$45,242,890	$13,168,949	$58,411,839		

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
1								
2	**400**	**Water revenues**	40111000	Res Sales Billed	461.1	$77,898,302	$7,542,458	$85,440,760
3			40111100	ResSls Billed Surch	461.1	0	0	0
4			40111200	ResSls Billed DSIC	461.1	2,678,867	(2,678,867)	0
5			40112000	Res Sales Unbilled	461.1	0	0	0
6			40121000	Com Sales Billed	461.2	39,277,949	4,218,257	43,496,206
7			40121200	Com Sls Billed DSIC	461.2	1,296,426	(1,296,426)	0
8			40122000	Com Sales Unbilled	461.2	0	0	0
9			40131000	Ind Sales Billed	461.3	3,738,616	802,177	4,540,793
10			40131200	Ind Sls Billed DSIC	461.3	113,752	(113,752)	0
11			40132000	Ind Sales Unbilled	461.3	0	0	0
12			40141000	Publ Fire Billed	462.1	6,924,554	4,092	6,928,647
13			40141200	Publ Fire BilledDSIC	462.1	198,198	(198,198)	0
14			40142000	Publ Fire Unbilled	462.1	0	0	0
15			40145000	Priv Fire Billed	462.2	4,688,496	512,395	5,200,891
16			40145100	Priv Fire Billed Sur	462.2	0	0	0
17			40145200	Priv Fire BilledDSIC	462.2	136,661	(136,661)	0
18			40146000	Priv Fire Unbilled	462.2	0	0	0
19			40151000	Publ Auth Billed	461.4	10,439,102	1,657,410	12,096,512
20			40151200	Publ Auth BilledDSIC	461.4	363,835	(363,835)	0
21			40152000	Publ Auth Unbilled	461.4	0	0	0
22			40161000	Sls/Rsle Billed	466.	2,514,721	(341,232)	2,173,489
23			40161050	Sls/Rsle Billed I/C	467.	0	0	0
24			40161200	Sls/Rsle Billed DSIC	466.	89,489	(89,489)	0
25			40162000	SalesforRsle Unbilld	466.	0	0	0
26			40171000	Misc Sales Billed	474.	176,043	(20,251)	155,792
27			40171100	MiscSls BilledSurchg	474.	8,585	(8,585)	0
28			40171300	MiscSls Bill Unmtrd	474.	0	0	0
29			40172000	Misc Sales Unbilled	474.	0	0	0
30			40180100	Oth Wtr Rev-Temp Svc	471.	0	0	0
31			40189900	Other Water Revenue	474.	0	0	0
32			40189999	Oth Wtr Rev-Leak Adj	474.	0	0	0
33					**Total**	**150,543,596**	**9,489,493**	**160,033,089**
34								
35	**420**	**AFUDC**			420	**0**	0	0
36					**Total**	**0**	**0**	**0**
37								
38	**400**	**Other revenues**	40310100	OthRev-Late Pymt Fee	470.	940,658	86,579	1,027,237
39			40310200	OthRev-Rent	472.	124,648	(2,827)	121,821
40			40310250	OthRev-Rent I/C	473.	39,386	0	39,386
41			40310300	OthRev-CFO	471.	1,411	0	1,411
42			40310400	OthRev-NSF Ck Chrg	471.	46,316	(5,264)	41,052
43			40310500	OthRev-Appl/InitFee	471.	652,612	(10,911)	641,701
44			40310600	OthRev-Usage Data	471.	61,984	(162)	61,822
45			40310700	OthRev-Reconnct Fee	471.	532,441	(15,710)	516,731
46			40319900	Other Revenue - Misc Service	471.	112	(112)	0
47					**Total**	**2,399,569**	**51,593**	**2,451,162**
48								
49	**401**	**Purchased water**	51010000	Purchased Water	610.1	334,607	1,236,906	1,571,513
50					**Total**	**334,607**	**1,236,906**	**1,571,513**
51								
52	**401**	**Fuel and power**	51510000	Purchased Power	615.8	0	0	0
53			51510011	Purchased Power SS	615.1	139,794	22,560	162,354
54			51510012	Purchased Power P	615.1	612,640	84,458	697,098
55			51510013	Purchased Power WT	615.3	4,827,328	475,306	5,302,634
56			51510014	Purchased Power TD	615.5	27,117	1,576	28,693
57			51520000	Fuel for Power Prod	616.1	6,270	7,670	13,939
58					**Total**	**5,613,147**	**591,571**	**6,204,718**
59								
60	**401**	**Chemicals**	51800000	Chemicals	618.3	4,377,248	869,269	5,246,517
61					**Total**	**4,377,248**	**869,269**	**5,246,517**
62								
63	**401**	**Waste disposal**	51110000	Waste Disposal	675.3	846,556	(151,137)	695,419
64					**Total**	**846,556**	**(151,137)**	**695,419**
65								
66	**401**	**Salaries and wages**	50100000	Labor Natural Account	601.8	6,261,334	(6,261,334)	0
67			50100001	Labor Expense Accrual	601.8	18,419	(18,419)	0
68			50101300	Labor Oper Water Treatment	601.3	2,660,448	4,358,068	7,018,516
69			50101305	Labor Oper Water Treatment - Super & Eng	601.3	100,171	164,089	264,260
70			50101400	Labor Oper Transmission & Distribution	601.5	469,427	768,966	1,238,393
71			50101405	Labor Oper Trans & Distr - Super & Eng	601.5	0	0	0
72			50101415	Labor Oper Trans & Distr - Lines	601.5	133,533	218,740	352,274
73			50101420	Labor Oper Trans & Distr - Meter	601.5	608,792	997,259	1,606,051
74			50101500	Labor Oper Customer Accounting	601.7	25,682	42,069	67,751
75			50101505	Labor Oper Customer Acctg - Super & Eng	601.7	35,588	58,296	93,884
76			50101510	Labor Oper Customer Acctg - Meter Read	601.7	402,380	659,137	1,061,517
77			50101520	Labor Oper Customer Acctg - Cust Serv & Info	601.7	54,925	89,972	144,897
78			50101600	Labor Oper Admin & General	601.8	928,289	1,520,625	2,448,914
79			50101601	Labor Oper Adm & Gen - Director & Officer	603.8	0	0	0
80			50102300	Labor Maint Water Treatment	601.4	178,583	292,536	471,119
81			50102400	Labor Maint Transmission & Distribution	601.6	917,914	1,503,630	2,421,544
82			50102405	Labor Maint Transmssn & Distr - Super & Eng	601.6	0	0	0
83			50102420	Labor Maint Transmssn & Distr - Mains	601.6	113,459	185,856	299,314
84			50102425	Labor Maint Transmssn & Distr - Fire Mains	601.6	0	0	0
85			50102430	Labor Maint Transmssn & Distr - Service	601.6	61,018	99,954	160,972
86			50102435	Labor Maint Transmssn & Distr - Meter	601.6	69,059	113,125	182,183

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
87			50102440	Labor Maint Transmssn & Distr - Hydrants	601.6	34,233	56,078	90,311
88			50109900	Labor Capitalized Credits	601.8	(5,013,620)	(2,042,827)	(7,056,447)
89			50110000	Labor Non-scheduled Overtime - Natural Account	601.8	1,044,887	(1,044,887)	0
90			50111300	Labor Oper Non-scheduled Overtime- WT	601.3	509,288	245,993	755,281
91			50111400	Labor Oper Non-scheduled Overtime- TD	601.5	63,466	30,655	94,121
92			50111405	Labor Oper Non-scheduled Overtime- TD Super & Eng	601.5	0	0	0
93			50111415	Labor Oper Non-scheduled Overtime- TD Lines	601.5	4,468	2,158	6,626
94			50111420	Labor Oper Non-scheduled Overtime- TD Meter	601.5	114,020	55,073	169,093
95			50111500	Labor Oper Non-scheduled Overtime- CA	601.7	1,242	600	1,842
96			50111510	Labor Oper Non-scheduled Overtime- CA Meter Read	601.7	88,909	42,944	131,854
97			50111520	Labor Oper Non-scheduled OT - CA Cust Serv & Info	601.7	162	78	240
98			50111600	Labor Oper Non-scheduled Overtime- AG	601.8	12,340	5,961	18,301
99			50112300	Labor Maint Non-scheduled Overtime- WT	601.4	47,430	22,909	70,339
100			50112400	Labor Maint Non-scheduled Overtime- TD	601.6	155,922	75,312	231,234
101			50112420	Labor Maint Non-scheduled Overtime- TD Mains	601.6	37,035	17,888	54,923
102			50112430	Labor Maint Non-scheduled Overtime- TD Service	601.6	10,603	5,121	15,724
103			50112435	Labor Maint Non-scheduled Overtime- TD Meter	601.6	18,541	8,955	27,496
104			50112440	Labor Maint Non-scheduled Overtime- TD Hydrant	601.6	12,855	6,209	19,065
105			50119900	Labor Non-scheduled Overtime- Capitalized Credits	601.8	(1,041,469)	460,037	(581,432)
106			50120000	Labor Overtime - Natural Account	601.8	1,843	(1,843)	0
107			50121300	Labor Oper Scheduled Overtime-WT	601.3	90,950	43,930	134,880
108			50121400	Labor Oper Scheduled Overtime-TD	601.5	0	0	0
109			50121405	Labor Oper Scheduled Overtime-TD Super & Eng	601.5	0	0	0
110			50121415	Labor Oper Scheduled Overtime-TD Lines	601.5	0	0	0
111			50121420	Labor Oper Scheduled Overtime-TD Meter	601.5	0	0	0
112			50121510	Labor Oper Scheduled Overtime-CA Merer Read	601.7	222	107	329
113			50121600	Labor Oper Scheduled Overtime-AG	601.7	0	0	0
114			50122400	Labor Maint Scheduled Overtime-TD	601.6	104	50	154
115			50122420	Labor Maint Scheduled Overtime-TD Mains	601.6	1,626	786	2,412
116			50122430	Labor Maint Scheduled Overtime-TD Service	601.6	175	85	260
117			50122440	Labor Maint Scheduled Overtime-TD Hydrant	601.6	87	42	129
118			50129900	Labor Scheduled Overtime- Capitalized Credits	601.8	(1,843)	1,843	0
119			50171000	Annual Performance Plan	601.8	1,134,851	(198,689)	936,162
120			50171600	Compensation Exp - Options	601.8	0	0	0
121			50171800	Compensation Expense - RSU/PSU	601.8	228,921	(9,018)	219,903
122			50185000	Severance	601.8	129,669	(129,669)	0
123					**Total:**	**10,725,936**	**2,448,451**	**13,174,387**
124								
125	**401**	**Pension expense**	50610000	Pension Expense	604.8	185,295	(29,799)	155,496
126			50610100	Pension Cap Credits	604.8	(42,715)	(10,968)	(53,683)
127					**Total**	**142,581**	**(40,767)**	**101,814**
128								
129	**401**	**OPEB expense**	50510000	PBOP Expense	604.8	(615,611)	31,099	(584,512)
130			50510100	PBOP Cap Credits	604.8	(21,030)	12,044	(8,986)
131					**Total**	**(636,641)**	**43,143**	**(593,498)**
132								
133	**401**	**Group Insurance**	50550000	Group Insurance Expense	604.8	3,552,066	800,692	4,352,758
134			50550100	Group Insurance Capitalized Credits	604.8	(1,402,822)	(309,086)	(1,711,908)
135			50560000	Health Savings Account Expense	604.8	16,374	13,246	29,620
136					**Total**	**2,165,618**	**504,852**	**2,670,470**
137								
138	**401**	**Other benefits**	50421000	401k Expense	604.8	401,887	213,928	615,815
139			50421100	401k Expense Cap Credits	604.8	(165,628)	(84,461)	(250,089)
140			50422000	Defined Compensation Plan Expense	604.8	571,247	312,447	883,694
141			50422100	Defined Comp Plan Exp Cap Credits	604.8	(231,042)	(121,428)	(352,470)
142			50423000	Employee Stock Purchase Plan Expense	604.8	27,980	(2,402)	25,578
143			50426000	Retiree Medical Expense	604.8	33,110	14,890	48,000
144			50426100	Retiree Medical Expense Cap Credits	604.8	(16,042)	1,009	(15,033)
145			50450000	Other Welfare - Natural Account	604.8	0	0	0
146			50450011	Other Welfare - Source of Supply	604.1	0	0	0
146			50450013	Other Welfare - Water Treatment	604.3	148	(69)	78
147			50450014	Other Welfare - Transm & Distrib	604.5	0	0	0
148			50450015	Other Welfare - Customer Accounting	604.7	4,686	(2,198)	2,489
149			50450016	Other Welfare - Admin & General	604.8	84,187	(39,482)	44,705
150			50451000	Employee Awards	604.8	72	2,985	3,057
151			50452000	Employee Physical Exams	604.8	7,372	2,678	10,050
152			50454000	Safety Incentive Awards	604.8	0	(943)	(943)
153			50456000	Tuition Aid	604.8	28,806	(3,490)	25,316
154			50457000	Training	604.8	92,188	(23,349)	68,839
155			50458000	Referral Bonus	604.8	7,066	(11)	7,055
156					**Total**	**846,037**	**270,104**	**1,116,141**
157								
158	**401**	**Support Services**	53401000	AWWSC Services - Labor OPEX	634.8	7,407,055	(5,905,027)	1,502,028
159			53401100	AWWSC Services - Pension OPEX	634.8	309,239	854,950	1,164,189
160			53401200	AWWSC Services - Group Insurance OPEX	634.8	705,166	(256,023)	449,143
161			53401300	AWWSC Services - Other Benefits OPEX	634.8	513,062	(2,136)	510,926
162			53401400	AWWSC Services - Contracted Services OPEX	634.8	1,536,998	(618,992)	918,006
163			53401500	AWWSC Services - Office Supplies OPEX	634.8	1,233,228	(1,207,675)	25,552
164			53401700	AWWSC Services - Rents OPEX	634.8	273,213	7,638,015	7,911,227
165			53401800	AWWSC Services Customer Accounting OPEX	634.8	1,100,385	(803,113)	297,272
166			53401900	AWWSC Services - Maint Supplies & Svcs OPEX	634.8	308,381	(232,166)	76,214
167			53402100	AWWSC Services - Other O&M Expense OPEX	634.8	769,947	682,080	1,452,028
168			53402200	AWWSC Services - Depr & Amort OPEX	634.8	493,906	33,768	527,674
169			53402300	AWWSC Services - General Taxes OPEX	634.8	483,410	(483,410)	0
170			53402400	AWWSC Services - Net Interest OPEX	634.8	121,616	468,989	590,605
171			53402500	AWWSC Services - Other Inc & Ded OPEX	634.8	(65)	145,795	145,731

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
172			53402600	AWWSC Services - Income Taxes OPEX	634.8	42,012	211,878	253,890
173					**Total**	**15,297,553**	**526,933**	**15,824,487**
174								
175	**401**	**Contracted services**	53110000	Contract Svc-Eng - Natural Account	631.8	0	0	0
176			53110013	Contract Svc-Eng - Water Treatment	631.3	554	365	919
177			53110014	Contract Svc-Eng - Transmission & Distribution	631.5	0	0	0
178			53110016	Contract Svc-Eng - Admin & General	631.8	98,563	(88,600)	9,964
179			53150000	Contract Svc-Other - Natural Account	636.8	0	0	0
180			53150011	Contract Svc-Other - Source of Supply	636.1	69,513	899	70,412
181			53150013	Contract Svc-Other - Water Treatment	636.3	132,532	40,507	173,039
182			53150014	Contract Svc-Other - Transmission & Distribution	636.5	809,862	213,349	1,023,212
183			53150015	Contract Svc-Other - Customer Accounting	636.7	0	0	0
184			53150016	Contract Svc-Other - Admin & General	636.8	138,614	24,984	163,599
185			53151000	Contract Svc-Temp Empl - Natural Account	636.8	0	0	0
186			53151013	Contract Svc-Temp Empl - Water Treatment	636.3	0	0	0
187			53151014	Contract Svc-Temp Empl - Transmssn & Distr	636.5	71,415	16,849	88,264
188			53151016	Contract Svc-Temp Empl - Admin & General	636.8	65,971	14,341	80,312
189			53152000	Contract Svc-Lab Testing - Water Treatment	635.3	5,700	2,942	8,641
190			53153000	Contract Services - Accounting	632.8	56,250	(9,678)	46,572
191			53154000	Contract Services - Audit Fees	632.8	209,353	39,661	249,014
192			53155000	Contract Services - Legal	633.8	320,474	28,650	349,124
193			53157000	Contract Services - Outplacement	675.8	0	0	0
194					**Total**	**1,978,801**	**284,269**	**2,263,070**
195								
196	**401**	**Building Maintenance and Services**	52532000	Electricity - Natural Account	675.8	0	0	0
197			52532013	Electricity - Water Treatment	675.3	14,109	(1,904)	12,204
198			52532014	Electricity - Transmission & Distribution	675.5	137,906	2,420	140,326
199			52532016	Electricity - Admin & General	675.8	69,869	3,258	73,127
200			52546000	Grounds Keeping - Natural Account	675.8	0	0	0
201			52546011	Grounds Keeping - Source of Supply	675.1	0	0	0
202			52546013	Grounds Keeping - Water Treatment	675.3	82,710	23,875	106,584
203			52546014	Grounds Keeping - Transmission & Distribution	675.5	20,082	(4,679)	15,403
204			52546016	Grounds Keeping - Admin & General	675.8	175,375	21,273	196,648
205			52548000	Heating Oil/Gas - Natural Account	675.8	0	0	0
206			52548011	Heating Oil/Gas - Source of Supply	675.1	5,525	(1,729)	3,797
207			52548013	Heating Oil/Gas - Water Treatment	675.3	48,400	(11,139)	37,261
208			52548014	Heating Oil/Gas - Transmission & Distribution	675.5	3,497	(817)	2,680
209			52548016	Heating Oil/Gas - Admin & General	675.8	16,538	(2,163)	14,375
210			52550000	Janitorial - Natural Account	675.8	0	0	0
211			52550012	Janitorial - Pumping	675.3	0	0	0
212			52550013	Janitorial - Water Treatment	675.3	11,729	2,196	13,925
213			52550014	Janitorial - Transmission & Distribution	675.5	2,812	2,334	5,147
214			52550016	Janitorial - Admin & General	675.8	113,737	932	114,669
215			52571000	Security Service - Natural Account	675.8	0	0	0
216			52571011	Security Service - Source of Supply	675.1	109,446	23,032	132,478
217			52571013	Security Service - Water Treatment	675.3	0	0	0
218			52571014	Security Service - Transmission & Distribution	675.5	0	0	0
219			52571016	Security Service - Admin & General	675.8	82,261	20,803	103,064
220			52571100	Add'l Security Costs	675.8	0	60,747	60,747
221			52578000	Trash Removal - Natural Account	675.8	0	0	0
222			52578011	Trash Removal - Source of Supply	675.1	0	0	0
223			52578013	Trash Removal - Water Treatment	675.3	8,132	(20)	8,112
224			52578014	Trash Removal - Transmission & Distribution	675.5	34,243	(802)	33,441
225			52578016	Trash Removal - Admin & General	675.8	2,007	(75)	1,931
226			52583000	Water & WW - Natural Account	675.8	0	0	0
227			52583011	Water & WW - Source of Supply	675.1	73,356	(27,284)	46,072
228			52583013	Water & WW - Water Treatment	675.3	4,448	161	4,609
229			52583014	Water & WW - Transmission & Distribution	675.5	368	(21)	347
230			52583016	Water & WW - Admin & General	675.8	41,025	946	41,971
231					**Total**	**1,057,575**	**111,345**	**1,168,919**
232								
233	**401**	**Telecommunication expenses**	52574000	Telephone - Natural Account	675.8	0	0	0
234			52574011	Telephone - Source of Supply	675.1	127	(99)	28
235			52574013	Telephone - Water Treatment	675.3	154	(16)	138
236			52574014	Telephone - Transmission & Distribution	675.5	2,576	(1,495)	1,081
237			52574015	Telephone - Customer Accounting	675.7	0	(141)	(141)
238			52574016	Telephone - Admin & General	675.8	104,790	8,280	113,071
239			52574100	Cell Phone - Natural Account	675.8	0	0	0
240			52574111	Cell Phone - Source of Supply	675.1	0	0	0
241			52574113	Cell Phone - Water Treatment	675.3	428	845	1,273
242			52574114	Cell Phone - Transmission & Distribution	675.5	98	(888)	(791)
243			52574115	Cell Phone - Customer Accounting	675.7	923	593	1,515
244			52574116	Cell Phone - Admin & General	675.8	71,615	1,867	73,483
245			52574200	Data Lines - Admin & General	675.8	26,673	(7,619)	19,054
246			52574300	Wireless - Service First - Natural Account	675.8	0	0	0
247			52574316	Wireless - Service First - Admin & General	675.8	102,851	365	103,216
248					**Total**	**310,235**	**1,693**	**311,927**
249								
250	**401**	**Postage, printing and stationary**	52562500	Overnight Shipping - Natural Account	675.8	0	0	0
251			52562511	Overnight Shipping - Source of Supply	675.1	0	1	1
252			52562513	Overnight Shipping - Water Treatment	675.3	9,529	1,484	11,013
253			52562514	Overnight Shipping - Transmission & Distribution	675.5	437	(237)	201
254			52562516	Overnight Shipping - Admin & General	675.8	682	800	1,481

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Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
255			52566000	Postage - Natural Account	675.8	0	0	0
256			52566016	Postage - Admin & General	675.8	1,819	1,112	2,931
257			52566700	Printing	675.8	3,105	(2,024)	1,082
258					**Total**	**15,573**	**1,136**	**16,709**
259								
260	**401**	**Office supplies and services**	52510000	Bank Service Charges - Natural Account	675.8	0	0	0
261			52510016	Bank Service Charges - Admin & General	675.8	0	0	0
262			52512500	Books & Publications	675.8	240	406	645
263			52526100	Credit Line Fees Interco	675.8	78,441	27,716	106,157
264			52542000	Forms - Natural Account	675.8	0	0	0
265			52542016	Forms - Admin & General	675.8	0	35	35
266			52562000	Office & Admin Supplies - Natural Account	675.8	0	0	0
267			52562011	Office & Admin Supplies - Source of Supply	675.1	190	3	192
268			52562013	Office & Admin Supplies - Water Treatment	675.3	65,123	(20,889)	44,234
269			52562014	Office & Admin Supplies - Transmssn & Distr	675.5	6,319	2,178	8,497
270			52562015	Office & Admin Supplies - Customer Accounting	675.7	0	0	0
271			52562016	Office & Admin Supplies - Admin & General	675.8	8,181	8,966	17,147
272			52571500	Software Licenses	675.8	121,981	68,537	190,518
273			52582000	Uniforms - Natural Account	675.7	0	0	0
274			52582011	Uniforms - Source of Supply	675.1	74	103	177
275			52582012	Uniforms - Pumping	675.3	0	0	0
276			52582013	Uniforms - Water Treatment	675.3	31,856	(4,119)	27,737
277			52582014	Uniforms - Transmission & Distribution	675.5	64,151	47,253	111,404
278			52582016	Uniforms - Admin & General	675.7	11,778	36,714	48,492
279			52599800	PCard Undistributed	675.8	(460)	(95)	(556)
280			52801000	Capital Purchases Clearing	675.8	0	0	0
281					**Total**	**387,874**	**166,807**	**554,681**
282								
283	**401**	**Advertising & marketing expenses**	52503000	Advertising	660.8	0	0	0
284					**Total**	**0**	**0**	**0**
285								
286	**401**	**Employee Related Expense**	52534000	Employee Expenses	675.8	132,964	(3,128)	129,836
287			52534200	Conferences & Registration	675.8	23,137	5,284	28,421
288			52535000	Meals Deductible	675.8	53,653	(15)	53,638
289			52535100	Meals Non-Deductible	675.8	3,413	(60)	3,353
290			52567000	Relocation Expenses	675.8	29,768	724	30,493
291						**242,936**	**2,805**	**245,741**
292								
293	**401**	**Miscellaneous expenses**	52000000	M & S (O&M) - Natural Account	620.5	5,122	2,075	7,196
294			52001100	M & S Oper - Source of Supply	620.1	6,062	(1,770)	4,292
295			52001200	M & S Oper - Pumping	620.1	4,046	4,277	8,323
296			52001300	M & S Oper - Water Treatment	620.3	118,852	4,308	123,160
297			52001400	M & S Oper - Transmission & Distribution	620.5	82,955	(6,582)	76,373
298			52001500	M & S Oper - Customer Accounting	620.7	0	0	0
299			52001600	M & S Oper - Admin & General	620.8	52,520	(3,298)	49,223
300			52001601	Shipper's Edge Freight w/o Inventory	620.8	288	225	513
301			52500000	Misc Exp (O&M) - Natural Acct	675.8	0	0	0
302			52501100	Misc Oper - Source of Supply	675.1	6,750	(1,756)	4,994
303			52501200	Misc Oper - Pumping	675.1	0	0	0
304			52501300	Misc Oper - Water Treatment	675.3	57,000	(10,631)	46,369
305			52501400	Misc Oper - Transmission & Distribution	675.5	257,119	(18,639)	238,480
306			52501600	Misc Oper - Admin & General	675.8	251,044	(129,081)	121,963
307			52513200	Business Development	675.8	0	0	0
308			52514000	Charitable Contribution Deductible	675.8	82,585	(76,690)	5,896
309			52514100	Charitable Contribution Nondeductible	675.8	9,930	(9,269)	661
310			52514500	Charitable Donations - Health/Education/Environmnt	675.8	0	0	0
311			52514600	Charitable Donations - Community	675.8	0	0	0
312			52514700	Community Partnerships	675.8	0	0	0
313			52514900	Customer Education	675.8	22,067	3,576	25,643
314			52514901	Customer Education Communication - Reg	675.8	8,798	3,842	12,640
315			52514903	Customer Education Communication - Issues	675.8	0	0	0
316			52514904	Customer Education Communication - Conservation	675.8	0	0	0
317			52514905	Customer Education Communication - Printed	675.8	0	0	0
318			52514907	Customer Education - Press Releases	675.8	286	349	635
319			52514909	Customer Education - Video & Photo	675.8	398	485	882
320			52515000	Community Relations - Events	675.8	9,067	(2,071)	6,995
321			52515001	Community Relations - Specialty	675.8	8,561	2,435	10,996
322			52522000	Community Relations	675.8	133	(35)	98
323			52524000	Co Dues/Membership Deductible	675.8	63,522	(7,259)	56,264
324			52524100	Co Dues/Membership Nondeductible	675.8	0	0	0
325			52525000	Condemnation Costs	675.8	0	0	0
326			52527000	Directors Fees	675.8	27,225	4,351	31,576
327			52540000	Amort Bus Services Proj Exp	675.8	0	0	0
328			52548100	Hiring Costs	675.8	0	0	0
329			52549000	Injuries and Damages	675.8	0	0	0
330			52549500	Inventory Physical Write-off Scrap	675.8	15,175	17,843	33,018
331			52554500	Lab Supplies	675.3	127,364	17,874	145,238
332			52556000	Lobbying Expenses	675.8	0	0	0
333			52556500	Low Income Pay Program	675.8	0	0	0
334			52564000	Penalties Nondeductible	675.8	209	(209)	0
335			52568000	Research & Development	675.8	30,600	3,392	33,992
336			52579000	Trustee Fees	675.8	30,845	364	31,209

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Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
337			52585000	Discounts Available	675.8	(246,361)	(2,846)	(249,207)
338			52586000	PO Small Price Differences - within tolerance	675.8	(340)	209	(131)
339					**Total**	**1,031,823**	**(204,530)**	**827,293**
340								
341	**401**	**Rents**	54110000	Rents-Real Property - Natural Account	641.8	0	0	0
342			54110011	Rents-Real Property - Source of Supply	641.1	30,602	9,825	40,427
343			54110013	Rents-Real Property - Water Treatment	641.3	12,741	3,220	15,962
344			54110014	Rents-Real Property - Transmission & Distribution	641.5	14,079	8,858	22,937
345			54110016	Rents-Real Property - Admin & General	641.8	1,350	2,171	3,521
346			54140000	Rents-Equipment - Natural Account	642.8	0	0	0
347			54140011	Rents-Equipment - Source of Supply	642.1	0	0	0
348			54140013	Rents-Equipment - Water Treatment	642.3	253	(33)	220
349			54140014	Rents-Equipment - Transmission & Distribution	642.5	0	0	0
			54140015	Rents-Equipment - Customer Accounting	0	221	355	576
350			54140016	Rents-Equipment - Admin & General	642.8	7,380	3,519	10,899
351					**Total**	**66,626**	**27,914**	**94,540**
352								
353	**401**	**Transportation**	55000000	Transportation (O&M) - Natural Account	650.8	(9,919)	1,944	(7,974)
354			55000011	Transportation Oper - Source of Supply	650.1	0	0	0
355			55000013	Transportation Oper - Water Treatment	650.3	385	400	785
356			55000014	Transportation Oper - Transmission & Distribution	650.5	0	0	0
357			55000015	Transportation Oper - Customer Accounting	650.7	0	0	0
358			55000016	Transportation Oper - Admin & General	650.8	8	8	15
359			55000023	Transportation Maint - Water Treatment	650.4	0	0	0
360			55000024	Transportation Maint - Transmission & Distribution	650.6	0	0	0
361			55000100	Transportation Capitalized Credits	650.8	(338,893)	9,620	(329,273)
362			55010100	Transportation Lease Costs	650.8	111,343	42,955	154,298
363			55010200	Transportation Lease Fuel	650.8	306,030	78,098	384,128
364			55010300	Transportation Lease Maint	650.8	280,622	117,172	397,794
365			55010500	Transportation - Reimburse Employee Personal Use	650.8	10,879	113	10,993
366					**Total**	**360,455**	**250,310**	**610,765**
367								
		Uncollectible accounts						
368	**401**	**expense**	57010000	Uncoll Accts Exp	670.7	0	0	0
369			57010015	Uncoll Accts Exp CA	670.7	861,316	145,885	1,007,201
370			57010016	Uncoll Accts Exp AG	670.7	(7,118)	(3,495)	(10,613)
371			57010100	Uncoll Accts Exp AG	670.7	(311)	(333)	(644)
372					**Total**	**853,887**	**142,057**	**995,944**
373								
		Customer accounting,						
374	**401**	**other**	52501500	Misc Oper - Customer Accounting	675.7	0	0	0
375			52501510	Misc Oper - Customer Accounting Mtr Read	675.7	0	0	0
376			52501520	Misc Oper - Customer Accounting Cust Serv	675.7	0	0	0
377			52510015	Bank Service Charges - Customer Accounting	675.7	109,189	131,088	240,277
378			52514906	Customer Education - Bill Inserts	675.8	0	0	0
379			52520000	Collection Agencies	675.7	(326)	(392)	(718)
380			52542015	Forms - Customer Accounting	675.7	0	0	0
381			52562515	Overnight Shipping - Customer Accounting	675.7	0	0	0
382			52566015	Postage - Customer Accounting	675.7	0	0	0
383					**Total**	**108,863**	**130,696**	**239,559**
384								
385	**401**	**Regulatory expense**	56610000	Regulatory Exp - Amortization	666.8	344,739	369,942	714,681
386			56670000	Regulatory Exp - Other	668	0	0	0
387					**Total**	**344,739**	**369,942**	**714,681**
388								
		Insurance other than						
389	**401**	**group**	55110000	Insurance Vehicle	656.8	86,427	14,110	100,537
390			55710000	Insurance General Liabilty	657.8	1,331,897	598,938	1,930,835
391			55711000	Insurance Casualty Reserve	657.8	79,644	(79,644)	(0)
392			55720000	Insurance Workers Compensation	658.8	103,576	35,726	139,302
393			55720100	Insurance WC Capitalized Credits	658.8	(41,429)	(13,317)	(54,746)
394			55730000	Insurance Other	659.8	77,271	85,796	163,067
395			55740000	Insurance Property	659.8	564,687	16,202	580,889
396					**Total**	**2,202,071**	**657,811**	**2,859,882**
397								
		Maintenance supplies						
398	**401**	**and services**	62002100	M&S Maint - Source of Supply	620.2	0.00	0.00	0.00
399			62002300	M&S Maint - Water Treatment	620.4	346,129.89	33,494.11	379,624.00
400			62002400	M&S Maint - Transmission & Distribution	620.6	68,874.08	21,678.92	90,553.00
401			62002600	M&S Maint - Admin & General	620.8	(7,218.39)	7,920.39	702.00
402			62502100	Misc Maint - Source of Supply	675.2	0.00	0.00	0.00
403			62502300	Misc Maint - Water Treatment	675.4	26,646.87	90.13	26,737.00
404			62502400	Misc Maint - Transmission & Distribution	675.6	176,860.47	7,298.53	184,159.00
405			62502600	Misc Maint - Admin & General	675.8	47,126.05	9,939.96	57,066.00
406			62510000	Amort Def Maint - Natural Account	675.6	0.00	0.00	0.00
407			62512300	Amort Def Maint - Water Treatment	675.4	395,505.02	5,581.98	401,087.00
408			62512400	Amort Def Maint - Transmission & Distribution	675.6	938,529.10	34,567.90	973,097.00
409			62520700	Misc Maint Paving/Backfill	675.6	244,414.92	(369.91)	244,045.00
410			62520800	Misc Maint Permits - Natural Account	675.6	0.00	0.00	0.00
411			62520824	Misc Maint Permits - Transmission & Distribution	675.6	0.00	0.00	0.00
412			63110023	Contract Svc-Eng Maint - Water Treatment	631	9,980.50	(648.50)	9,332.00
413			63110026	Contract Svc-Eng Maint - Admin & General	632	0.00	0.00	0.00
414			63150021	Contract Svc-Other Maint - Source of Supply	636.2	1,668.77	1,792.23	3,461.00
415			63150023	Contract Svc-Other Maint - Water Treatment	636.4	275,373.56	166,026.44	441,400.00
416			63150024	Contract Svc-Other Maint - Transmission & Distr	636.6	36,413.90	16,293.85	52,707.75
417			63150026	Contract Svc-Other Maint - Admin & General	636.8	20,873.39	5,274.80	26,148.50

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Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
418					**Total**	**2,581,178**	**308,941**	**2,890,119**
419								
420	**403**	**Depreciation**	68011000	Depreciation Exp - UPIS General	403.	32,836,680	5,623,950	38,460,630
421			68011100	Depreciation Expense - Vehicles	403.	466,507	(466,507)	0
422			68011110	Depreciation Expense -Capitalized Credits	403.	(186,826)	186,826	0
423			68011200	Depreciation Exp - Non-Utility Property	403.	16,762	(16,762)	0
424			68012000	Depreciation Exp - Amort CIAC Tax	403.	(638,922)	(147,450)	(786,373)
425			68012500	Depreciation Exp - Amort CIAC Nontax	403.	(4,477,947)	(91,621)	(4,569,568)
426			68311000	Rem Costs-ARO/NNS	403.	5,137,008	819,965	5,956,973
427			68312000	Rmv Csts-NNS CIAC Tx	403.	(332,880)	(54,174)	(387,054)
428			68312500	Rmv Csts-NNS CIAC NT	403.	(839,040)	(5,416)	(844,456)
429					**Total**	**31,981,340**	**5,848,811**	**37,830,151**
430								
431	**406 & 407**	**Amortization**	68252000	Amortization - Capital Leases	407.1	0	0	0
432			68254000	Amortization - Reg Asset AFUDC	407.1	0	0	0
433			68255000	Amortization - UPAA	406.	(16,887)	(63,221)	(80,108)
434			68257000	Amortization - Property Losses	407.2	57,080	0	57,080
435			68258000	Amortization - Reg Asset	407.4	16,242	(16,242)	0
436						**56,434**	**(79,462)**	**(23,028)**
437								
438	**409**	**Current federal income taxes - operating**	69011000	FIT-Current	409.10	1,976,733	(2,079,050)	(102,316)
439			69012000	FIT-Prior Year Adj	409.10	0	0	0
440			69021000	SIT-Current	409.11	348,863	(518,044)	(169,182)
441			69022000	SIT-Prior Year Adj	409.11	0	0	0
442						**2,325,596**	**(2,597,094)**	**(271,498)**
443								
444	**410**	**Deferred federal income tax expense**	69061000	Def FIT-Current Year	410.10	0	0	0
445			69062000	Def FIT-Pr Yr Adj	410.10	0	0	0
446			69063000	Def FIT-RegAsst/Liab	410.10	(684,685)	(489,930)	(1,174,615)
447			69063200	Def FIT-Reg Liability	410.10	0	0	0
448			69065000	Def FIT-Other	410.10	7,535,773	(209,779)	7,325,994
449			69071000	Def SIT-Current Year	410.11	0	0	0
450			69072000	Def SIT-Pr Yr Adj	410.11	0	0	0
451			69073000	Def SIT-RegAsst/Liab	410.11	0	0	0
452			69073200	Def SIT-Reg Liability	410.11	0	0	0
453			69073500	Def SIT-Other	410.11	2,035,224	(55,597)	1,979,627
454						**8,886,312**	**(755,306)**	**8,131,006**
455								

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Jurisdictional Operating Income Summary
Breakdown by Major Account Group & Individual Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule C-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR Inc Stmt by Acct - SCH C.2

Line #	Major NARUC Group	Financial Statement Grouping	SAP GL Account	SAP GL Acct Description	96 NARUC Account	Base Period Ending August 31, 2026	Allocated Adjustment Forecast at Present Rates	Forecast Year at Present Rates December 31, 2027
		Amortization of						
456	**412**	**investment tax credits**	69522000	Investment Tax Credits Restored - 3%	412.11	0	0	0
457			69524000	Investment Tax Credits Restored - 10%	412.11	0	0	0
458						**0**	**0**	**0**
459								
460	**408**	**General taxes**	68520000	Property Taxes	408.11	5,426,774	4,975,102	10,401,876
461			68520100	Tax Discounts	408.11	(300)	300	0
462			68532000	FUTA	408.12	11,629	(2,997)	8,632
463			68532100	FUTA Cap Credits	408.12	(4,431)	1,162	(3,269)
464			68533000	FICA	408.12	1,291,792	323,706	1,615,498
465			68533100	FICA Cap Credits	408.12	(514,017)	(124,240)	(638,257)
466			68535000	SUTA	408.12	23,011	(5,756)	17,255
467			68535100	SUTA Cap Credits	408.12	(8,756)	2,239	(6,517)
468			68543000	Other Taxes and Licenses	408.13	3,415	(3,415)	0
469			68545000	Utility Reg Assessment	408.10	200,356	173,358	373,714
470						**6,429,473**	**5,339,459**	**11,768,932**
471		**Operating Income**		**Operating Income = Account Groups 400+420-401-403-406-407-408-409-410-412**		**$52,008,733**	**($6,765,842)**	**$45,242,890**
472								
473	**Breakdown by Major Account Group**							
474	**400**	Sum Operating Revenues				152,943,165	9,541,086	162,484,251
475	**420**	Sum AFUDC				0	0	0
476	**401**	Sum Operating Expenses				51,255,277	8,550,520	59,805,798
477	**403**	Sum Depreciation Expense				31,981,340	5,848,811	37,830,151
478	**406**	Sum Amortization of UPAA				(16,887)	(63,221)	(80,108)
479	**407**	Sum Amortization Expense				73,322	(16,242)	57,080
480	**408**	Sum Taxes Other Than income				6,429,473	5,339,459	11,768,932
481	**409**	Sum Current Income Taxes				2,325,596	(2,597,094)	(271,498)
482	**410**	Sum Deferred Tax				8,886,312	(755,306)	8,131,006
483	**412**	Sum Investment Tax Credits				0	0	0
484					**Operating Income Summary**	**$52,008,733**	**($6,765,842)**	**$45,242,890**

EXHIBIT 37
SCHEDULE D

JURISDICTIONAL ADJUSTMENT OF OPERATING INCOME

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
D-1	Summary of Adjustments to Operating Income by Major Account
D-2	Support Schedule for Individual Adjustments to Operating Income
D-3	Supporting Schedule for Jurisdictional Factors

For electronic version, see KAW_APP_EX37D_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Summary of Jurisdictional Adjustments to Operating Income by Major Account

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-1
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust D.1

Line Number	Major NARUC Account Group	Description	Base Period 12 Months Ending August 31, 2026	Adjust for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Supporting Schedule Information
1	400	Operating Revenues	$152,943,165	$9,541,086	$162,484,251	See D-2
2						
3						
4	401	Operating Expenses	51,255,277	8,550,521	59,805,797	See D-2
5						
6	403	Depreciation Expense	31,981,340	5,848,811	37,830,151	See D-2
7						
8	406	Amortization of Utility Plant Acquisition Adjustments	(16,887)	(63,221)	(80,108)	See D-2
9						
10	407	Amortization Expense	73,322	(16,242)	57,080	See D-2
11						
12	408	Taxes Other Than Income	6,429,473	5,339,459	11,768,932	See D-2
13						
14	409	Income Taxes (Current, Utility Operating Income)	2,325,596	(2,597,108)	(271,512)	See D-2
15						
16	410	Provision for Deferred Income Taxes	8,886,312	(755,292)	8,131,020	See D-2
19						
20	412	Investment Tax Credits	0	0	0	See D-2
		Utility Operating Income	$52,008,733	($6,765,842)	$45,242,891	

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Grou	Description	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Work Paper #	Workpaper Excel Location	Description of Adjustment
1	400	**Operating Revenues**						
2		**Water Revenues**						
3		Residential Sales	$80,577,169	$4,863,592	$85,440,760	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Residential Sales adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
4		Commercial Sales	40,574,375	2,921,831	43,496,206	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Commercial Sales adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
5		Industrial Sales	3,852,368	688,425	4,540,793	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Industrial Sales adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
6		Public Fire	7,122,752	(194,105)	6,928,647	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Public Fire adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
7		Private Fire	4,825,157	375,734	5,200,891	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Private Fire adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
8		Public Authority Sales	10,802,936	1,293,575	12,096,512	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Public Authority Sales adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
9		Sale for Resale	2,604,211	(430,722)	2,173,489	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Sale for Resale adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
10		Miscellaneous Sales	184,629	(28,837)	155,792	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	The Miscellaneous Sales adjustment is based on the change in billing determinants and price for billed water revenue and to eliminate the net change in unbilled accrued utility revenues recorded during the base period.
12	400	**Other Revenues**						
13		OthRev-Late Pymt Fee	940,658	86,579	1,027,237	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Late Payment Fees for the forecast period.
14		OthRev-Rent	124,648	(2,827)	121,821	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Other Revenue-Rent for the forecast period.
15		OthRev-Rent I/C	39,386	0	39,386	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Other Revenue-Rent I/C for the forecast period.
16		OthRev-CFO	1,411	0	1,411	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Other Revenue-CFO for the forecast period.
17		OthRev-NSF Ck Chrg	46,316	(5,264)	41,052	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Returned Check Charges (Non-Sufficient Funds) for the forecast period.
18		OthRev-Appl/InitFee	652,612	(10,911)	641,701	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Application and Initiation Fees for the forecast period.

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Grou	Description	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Work Paper #	Workpaper Excel Location	Description of Adjustment
19		OthRev-Usage Data	61,984	(162)	61,822	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Usage Data for the forecast period.
20		OthRev-Reconnct Fee	532,441	(15,710)	516,731	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Reconnect Fees for the forecast period.
21		OthRev-Misc Svc	112	(112)	0	Exhibit 37, Schedule M-1	Revenues\[KAWC 2026 Rate Case - Exhibits (25, 26, 37) Revenue WP Support.xlsm]LinkOut	To adjust Miscellaneous Service for the forecast period.
22	**420**	**AFUDC**	0	0	0	W/P - 1-4	$ -	Adjustment to Reflect AFUDC for the Forecast Year
23		**Total Water , Other & AFUDC Revenues (Sum Lines 3-23)**	**152,943,165**	**9,541,086**	**162,484,251**			
24								
25	**401**	**Operating Expense**						
26		**O&M:**						
27		Purchased Water	334,607	1,236,906	1,571,513	W/P - 3-2	O&M\[KAWC 2026 Rate Case - Purchased Water Exhibit.xlsx]Exhibit	The Purchased Water adjustment is based on the normalization of usage, latest purchased water rates, and adjusted for acquisition related expense.
28		Fuel & Power	5,613,147	591,571	6,204,718	W/P - 3-3	O&M\[KAWC 2026 Rate Case - Fuel and Power Exhibit.xlsx]Exhibit	The Fuel and Power adjustment is based on the change in system delivery, price inflation, process changes, and adjusted for acquisition related expense.
29		Chemicals	4,377,248	869,269	5,246,517	W/P - 3-4	O&M\[KAWC 2026 Rate Case - Chemicals Exhibit.xlsx]Link Out	The Chemicals adjustment is based on the normalization of usage, changes in system delivery, chemical price changes, and adjusted for acquisition related expense.
30		Waste Disposal	846,556	(151,137)	695,419	W/P - 3-5	O&M\[KAWC 2026 Rate Case - Waste Disposal Exhibit.xlsx]Exhibit	The Waste Disposal adjustment is based on clean out and vendor changes, chemical price increases, and adjusted for acquisition related expense.
31		Salaries and Wages	10,725,936	2,448,451	13,174,387	W/P - 3-1	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Labor Exhibit	Adjustment includes negotiated wage increases for union employees under the current contract and annual merit increases for non-union employees. Adjustment includes the inclusion of Acquisition related employees. Expense is net of capitalization and sewer utility charges.
32		Pension	142,581	(40,767)	101,814	W/P - 3-1c	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Pension Exhibit	Adjustment reflects Kentucky's allocation of the current Pension Service Cost estimate for the months January 2026-December 2026. Expense is net of capitalization.
33		OPEB	(636,641)	43,143	(593,498)	W/P - 3-1a	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Group Ins Exhibit	Adjustment reflects Kentucky's allocation of the current OPEB Service Cost estimate for the months January 2026 - December 2026. Expense is net of capitalization.
34		Group Insurance	2,165,618	504,852	2,670,470	W/P - 3-1a	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Group Ins Exhibit	Adjustment reflects costs for all group insurances net of employee contributions, at projected 2027 plan rates. Expense is net of capitalization and sewer utility charges.
35		Other Benefits	846,037	270,104	1,116,141	W/P - 3-1b	O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Other Benefits Exhibit	Adjustment reflects costs forecasted wages adjusted by participation percentage, including allowances for tuition assitance, training, drug screenings, health & safety incentives, and biological exposure vaccinations.
36		Support Services	15,297,553	526,933	15,824,487	W/P - 3-7	O&M\[KAWC 2026 Rate Case - Support Services Exhibit.xlsx]Link Out	Adjustment reflects any changes in Labor, Labor Related, and Other Costs, as well as the removal of charitable contributions, advertising, and severance in addition to the .06% allocation of costs to the sewer division.
37		Contract Services	1,978,801	284,269	2,263,070	W/P - 3-18	O&M\[KAWC 2026 Rate Case - Contract Services Exhibit.xlsx]Exhibit	Contracted Services adjustment is based on the difference between the base period amounts and 2025 actuals and adjusted for acquisition related expense.
38		Building Maintenance & Services	1,057,575	111,345	1,168,919	W/P - 3-12	O&M\[KAWC 2026 Rate Case - Building Maintenance & Services Exhibit.xlsx]Exhibit	Building Maintenance & Services adjustment is based on the difference between the base period amounts and the forecasted future test year based on expected inflation of costs based on a three year historical trend.
39		Telecommunications	310,235	1,693	311,927	W/P - 3-14	O&M\[KAWC 2026 Rate Case - Telecommunications Exhibit.xlsx]Exhibit	Telecommunications adjustment is based on the difference between the base period amounts and the forecasted future test year based on a three year average of expense.

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Grou	Description	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Work Paper #	Workpaper Excel Location	Description of Adjustment
40		Postage, Printing, & Stationary	15,573	1,136	16,709	W/P - 3-15	O&M\[KAWC 2026 Rate Case - Postage, Printing & Stationary Exhibit.xlsx]Exhibit	Postage, Printing & Stationary adjustment is based on the difference between the base period amounts and the forecasted future test year, which is based on a normalized three year average of expense.
41		Office Supplies & Services	387,874	166,807	554,681	W/P - 3-16	O&M\[KAWC 2026 Rate Case - Office Supplies Exhibit.xlsx]Exhibit	The Office Supplies & Services Expense adjustment is based on the difference between the base period amounts and the forecasted future test year based on a three year average of expense. Other adjustments were made to account for uniform expenses, software costs, and acquisition related expenses.
42		Advertising & Marketing	0	0	0	W/P - 3-17	N/A	There are no Adverstising and marketing expenses in the base period and no expense in the forecast year.
43		Employee Related Expense	242,936	2,805	245,741	W/P - 3-19	O&M\[KAWC 2026 Rate Case - Employee Related Expense Exhibit.xlsx]Exhibit	The Employee Related Expense adjustment is based on the difference between the base period amounts 2025 actual expenses.
44		Miscellaneous Expense	1,031,823	(204,530)	827,293	W/P - 3-20	O&M\[KAWC 2026 Rate Case - Miscellaneous Expense Exhibit.xlsx]Exhibit	Miscellaneous Expense adjustment is based on the difference between the base period amounts and the forecasted future test year based on a three year historical trend, the removal of charitable contributions, and adjusted for acquisition related expense.
45		Rents	66,626	27,914	94,540	W/P - 3-11	O&M\[KAWC 2026 Rate Case - Rents Exhibit.xlsx]Exhibit	The Rent Expense adjustment is based on the difference between the base period amounts and 2025 actual expenses, adjusted for known contract price increases and acquisition expenses.
46		Transportation	360,455	250,310	610,765	W/P - 3-21	O&M\[KAWC 2026 Rate Case - Transportation Exhibit.xlsx]Exhibit	The Transportation Expense adjustment is based on the difference between the base period amounts from September 2025 through August 2026 due to a fleet provider increase factor being applied to forecast through December 2027. In addition, the Natural Account and Capitalized Credits accounts were normalized from 2022- 2025 by Removing Vehicle Purchases. An adjustment was made to account for additional acquisition expense. Vehicle purchases were recorded to Transportation Expense from 2022 - 2025. Vehicles were debiting transportation expense, then capitalizing the asset to the balance sheet by crediting the Cap Credits. A reclassification will be made in the future and they will be appropriately record it to the Capital Purchases Clearing Account.
47		Uncollectible Accounts	853,887	142,057	995,944	W/P - 3-10	O&M\[KAWC 2026 Rate Case - Uncollectibles Expense Exhibit.xlsx]Exhibit	The uncollectible adjustment was calculated by using forecasted water revenues at 12 Months Ending December 31, 2027 and multiplying by the 3 year average uncollectible percentage for years 2023-2025.
48		Other Customer Accounting	108,863	130,696	239,559	W/P - 3-9	O&M\[KAWC 2026 Rate Case - Customer Accounting Exhibit.xlsx]Exhibit	Customer Accounting adjustment is based on the difference between base period forecast and a three year average of the expense (2023-2025) and adjusted for acquisition related expense.
49		Regulatory Expense	344,739	369,942	714,681	W/P - 3-6	O&M\[KAWC 2026 Rate Case - Regulatory Expense Exhibit.xlsx]Exhibit	The regulatory expense base period calculation is actual expense for the six months September 2025 to February 2026 and projected expense for the six months March 2026 to August 2026 from prior water rate case. The future test period adjustment incorporates the regulatory expenses related to this rate case totaled and amortized over 24 months and adjusted for a QIP related balancing adjustment.

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Grou	Description	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Work Paper #	Workpaper Excel Location	Description of Adjustment
50		Insurance Other Than Group	2,202,071	657,811	2,859,882	W/P - 3-8	O&M\[KAWC 2026 Rate Case - IOTG Exhibit.xlsx]Exhibit	Basis for Base Year: Actual expense for the six months September 2025 to February 2026. For the six months March 2026 to August 2026, amounts allocated monthly to KAWC from actual policy premiums, prorated by Water customer ratio. Insurance Workers Compensation Capitalized Credits calculated by multiplying capitalized credits ratio by Water prorated Workers Compensation allocation. Basis for Future Test Year Forecast: Amounts allocated monthly to KAWC from actual policy premiums escalated by annual inflation percentages derived from AW IOTG department experience and market conditions, prorated by Water customer ratio. Insurance Workers Compensation Capitalized Credits calculated by multiplying capitalized credits ratio by Water prorated Workers Compensation allocation.
51		Maintenance Supplies & Services	2,581,178	308,941	2,890,119	W/P - 3-13	O&M\[KAWC 2026 Rate Case - Maintenance Supplies & Services Exhibit.xlsx]Exhibit	Maintenance Supplies & Services adjustment is based on the difference between the base period amounts and the forecasted future test year based on a three year historical trend, Amortized Deferred Maintenance based on forecasted amortization schedules as developed in rate base 'KAWC 2026 Rate Case - Deferred Maintenance' workpaper, additional contacted services due to preventative plans, and adjusted for acquisition related expense.
52		**Total O & M Expense (Sum of Lines 28 through 51):**	**51,255,277**	**8,550,521**	**59,805,797**			

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Individual Adjustments to Operating Income

Data: X Base Period X Forecast Period
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Exhibit 37, Schedule D-2
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]MSFR IS Adjust Support D-2

Line #	Major NARUC Acct. Grou	Description	Base Period Ending August 31, 2026	Adjustment for Forecast at Present Rates	Forecast Year at Present Rates 12 Months Ending December 31, 2027	Work Paper #	Workpaper Excel Location	Description of Adjustment
53								
54		**Other Expenses**						
55	**403**	Depreciation	31,981,340	5,848,811	37,830,151	W/P - 4-1	Rate Base/[KAWC 2026 Rate Case - Capital-Depr Exp.xlsx]Link Out	Adjustment to reflect forecasted life depreciation expense net of life CIAC credits. Life depreciation adjustment is based on Utility Plant in Service balances, by account, for each month of the base period multiplied by the monthly authorized depreciation rates. Each month of the forecasted period was multiplied by the monthly rates from the depreciation study. Life CIAC credits are based on the CIAC balances, by account, for each month of the forecasted period multiplied by the monthly CIAC amortization rates.
56	**406**	Amortization of UPAA	(16,887)	(63,221)	(80,108)	W/P - 4-2	Rate Base\[KAWC 2026 Rate Case - Amortization Expense.xlsx]Exhibit	Adjustment to reflect forecasted amortization of Utility Plant Acquisition Adjustments. Certain acquisition adjustments were not authorized in prior cases, so an adjustment has been made to eliminate the expense from existing UPAA. The Company is currently recovering amortization of UPAA for its North Middletown acquisition over 10 years.
57	**407**	Amortization Expense	73,322	(16,242)	57,080	W/P - 4-2	Rate Base\[KAWC 2026 Rate Case - Amortization Expense.xlsx]Exhibit	Adjustment to reflect forecasted amortization expense.
58		State Income Tax						
59	**409**	Current State Income Tax	348,863	(518,047)	(169,184)	SCHEDULE E-1.4	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.4 State Inc Tax Forecast	Forecasted expenses were deducted from operating revenues to arrive at pre-tax income. From this number statutory add backs and deductions in the form of permanent and temporary differences, were made to arrive at the taxable income. These statutory adjustments are shown as reconciling items. The adjustment is primarily due to changes in pre-tax income times the statutory tax rate.
60	**410**	Deferred State Income Tax	2,035,224	(55,594)	1,979,630	SCHEDULE E-1.4	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.4 State Inc Tax Forecast	Deferred tax expense is based on the tax effect of temporary timing differences used to calculate current tax expense. The adjustment is primarily due to an increase in net book over tax depreciation and a reduction in the tax repairs deduction.
61		Federal Tax						
62	**409**	Current Federal Income Tax	1,976,733	(2,079,061)	(102,328)	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast	Forecasted expenses were deducted from operating revenues to arrive at pre-tax income. From this number statutory add backs and deductions in the form of permanent and temporary differences, were made to arrive at the taxable income. These statutory adjustments are shown as reconciling items. The adjustment is primarily due to changes in pre-tax income times the statutory tax rate.
63	**410**	Deferred Federal Income Tax	6,851,088	(699,698)	6,151,390	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast	Deferred tax expense is based on the tax effect of temporary timing differences used to calculate current tax expense. The sum of deferred tax expense also includes amortization of deferred income tax regulatory assets and liabilities recoverable or refundable through rates. The adjustment is primarily due to an increase in net book over tax depreciation and a reduction in the tax repairs deduction.
64	**412**	Investment Tax Credits	0	0	0	SCHEDULE E-1.3	Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast	Amortization of deferred investment tax credits (ITCs) includes amortization of the 3%, 4%, and 10% ITC amounts. The adjustment is due to the amortization of the ITCs ending in 2022.
65	**408**	General taxes	6,429,473	5,339,459	11,768,932	W/P - 5-1 W/P - 5-2 W/P - 5-3	Various - O&M\[General Tax Exhibit.xlsx]Exhibit - General Tax	Adjustment reflects changes to General Tax, including Property Tax, Payroll Tax, Regulatory Assessment Fees, Public Service Commission (PSC) Fees, and Other Taxes. The Property Tax adjustment is based on net UPIS to property taxes paid. The Payroll Tax adjustment is made according to current tax rates and employee wages for the forecast period. Regulatory Assessment Fees are based on recent rates multiplied by forecasted revenues at present rates. PSC Fee adjustment is based on most recent PSC Fee rate multiplied by forecasted revenue. Other Taxes are based on current accounting.
66		**Total Other Expense (Sum of Lines 55 through 66)**	**49,679,156**	**7,756,408**	**57,435,563**			
67								
68		**Total Expenses (Line 52 + Lines 67):**	**100,934,432**	**16,306,928**	**117,241,361**			
69								
70		**Utility Operating Income (Line 24 - Line 69):**	**$52,008,733**	**($6,765,842)**	**$45,242,890**			

Kentucky American Water Company
Case No. 2026-00094
Supporting Schedule for Jurisdictional Factors

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule D-3
Exhibits\[KAWC 2026 Rate Case - Income Statement.xlsx]D-3

Jurisdictional Factors are not applicable to Kentucky American Water Company in this proceeding.

EXHIBIT 37
SCHEDULE E

JURISDICTIONAL FEDERAL AND STATE INCOME TAX SUMMARY FOR BASE AND FORECASTED PERIODS

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
E-1.1	Federal Income Tax Calculation
E-1.2	State Income Tax Calculation
E-1.3	Federal Income Tax Calculation - Forecast
E-1.4	State Income Tax Calculation - Forecast
E-1.5	Summary of Income Tax Adjustments
E-2	Development of Jurisdictional Income Taxes

Please see attached. For electronic version, see KAW_APP_EX37E_051526.pdf

Workpaper #: **SCHEDULE E-1.1**
Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.1 Federal Inc Tax Base**

Kentucky American Water Company
Case No. 2026-00094
Base Year Adjustment Federal and State Taxes
Base Year (12 Months Ending August 31, 2026)

Witness Responsible: Linda Schlessman **W/P - 6-1**
Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Category	Item	Current Rates Federal Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	**Book Revenue (+)**				
2		Operating Revenue	$152,943,165	$0	$152,943,165
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(51,255,277)	0	(51,255,277)
6		Depreciation, Amortization, & Cost of Removal	(32,037,774)	0	(32,037,774)
7		Taxes Other Than Income	(6,429,473)	0	(6,429,473)
8		Interest Expense	(15,774,085)	0	(15,774,085)
9		**Total Book Deductions (Sum Lines 5 - 8)**	**(105,496,609)**	**$0**	**($105,496,609)**
10					
11		**Book Pre-Tax Income (Line 2 + Line 8)**	**$47,446,556**	**$0**	**$47,446,556**
12					
13		Current State Income Tax	($348,863)	$0	($348,863)
14		Tax Amortizations	0	0	0
15					
16	**Reconciling Items**				
		Permanent Differences:			
17		**(Deduction) or Reversal of Deduction**			
18		Non-Deductible Meals	28,533	0	28,533
19		Non-Deductible Penalties and Mandatory Dividends	206,647	0	206,647
20		**Pre-Tax Income After Perm. Differences (Line 11 + Line 13 + Line 18 + Line 19)**	**$47,332,873**	**$0**	**$47,332,873**
21					
		Temporary Differences:			
22		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
23		Deduct Tax Depreciation (State or Federal)	(35,004,173)	0	(35,004,173)
24		Reverse Deduction of Book Depreciation	33,116,361	0	33,116,361
25		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
26		Reverse Deduction of Amortization of UPAA	(16,887)	0	(16,887)
27		Reverse Deduction of Deferred Maintenance Amortization	1,334,034	0	1,334,034
28		Deduct Actual Deferred Maintenance Expenditures	(600,000)	0	(600,000)
29		Reverse All CIAC Amortization Credits	(6,288,790)	0	(6,288,790)
30		Reflect Actual Taxable CIAC Received	120,487	0	120,487
31		Reflect Repairs Deduction	(27,313,948)	0	(27,313,948)
32		Reverse Book Cost of Removal	5,137,008	0	5,137,008
33		Reflect Actual Cost of Removal	(8,461,029)	0	(8,461,029)
34		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 23 - 33)**	**(37,919,857)**	**$0**	**($37,919,857)**
35					
36		**Pre-Tax Income After Permanent and Temporary Differences (Line 20 + Line 34)**	**$9,413,016**	$0	**$9,413,016**
37					
38	**Calculation of Current Federal Income Taxes**				
39		Tax Rate	21.00%	21.00%	21.00%
40		**Current Taxes (Line 36 x Line 39)**	**1,976,733**	0	**1,976,733**
41		Adjustment For Tax Provision			
42		**Total Current Taxes**	**1,976,733**		**$1,976,733**
43		Less: Prior Year Adjustment	0	0	0
44		**Total Federal Income Taxes - Current (Line 42 - Line 43)**	**$1,976,733**	**$0**	**$1,976,733**
45					
46	**Calculation of Deferred Federal Income Taxes**				
47		Federal Defered Taxes Related to UPIS, CIAC, and Repairs	7,030,458	0	7,030,458
48		Federal Defered Taxes Related to Deferred Maintenance	(146,440)	0	(146,440)
49		Federal Defered Taxes Related to Property Losses	(11,387)	0	(11,387)
50		Federal Defered Taxes Related to Cost of Removal	663,142	0	663,142
51		Federal Defered Taxes - Prior Year	0	0	0
52		**Items Deferred**	**$7,535,773**	**$0**	**$7,535,773**
53		Adjustment For Tax Provision			0
54		**Sum Items Deferred**	**$7,535,773**	**$0**	**$7,535,773**
55					
56		**Amortization of Deferred Income Tax Assets & Liabilties**			
57		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	(684,685)	0	(684,685)
58					
59		Amortization of Deferred ITC	0	0	0
60		**Sum Total Federal Deferred Taxes + Amortization of ITC**	**$6,851,088**	**$0**	**$6,851,088**
61					
62					
63		**Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 44 + Line 60)**	**$8,827,821**	**$0**	**$8,827,821**

Workpaper #: **SCHEDULE E-1.2**

Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.2 State Inc Tax Base**

Kentucky American Water Company
Case No. 2026-00094
Base Year Adjustment Federal and State Taxes
Base Year (12 Months Ending August 31, 2026)

Witness Responsible: Linda Schlessman **W/P - 6-1**

Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Category	Item	Current Rates State Tax Calculation Base Period	Adjustments	Adjusted Base Period
1	**Book Revenue (+)**				
2		Operating Revenue	$152,943,165	$0	$152,943,165
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(51,255,277)	0	(51,255,277)
6		Depreciation, Amortization, & Cost of Removal	(32,037,774)	0	(32,037,774)
7		Taxes Other Than Income	(6,429,473)	0	(6,429,473)
8		Interest Expense	(15,774,085)	0	(15,774,085)
9		**Total Book Deductions (Sum Lines 5 - 8)**	**($105,496,609)**	**$0**	**($105,496,609)**
10					
11		**Book Pre-Tax Income (Line 2 + Line 9)**	**$47,446,556**	**$0**	**$47,446,556**
12					
13		Tax Amortizations	0	0	0
14					
15	**Reconciling Items**				
		Permanent Differences:			
16		**(Deduction) or Reversal of Deduction**			
17		Non-Deductible Meals	28,533	0	28,533
18		Non-Deductible Penalties and Mandatory Dividends	206,647	0	206,647
19		**Pre-Tax Income After Perm. Differences (Line 11 + Line 13 + Line 17 + Line 18)**	**$47,681,736**	**$0**	**$47,681,736**
20					
		Temporary Differences:			
21		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
22		Deduct Tax Depreciation (State or Federal)	(37,788,800)	0	(37,788,800)
23		Reverse Deduction of Book Depreciation	33,116,361	0	33,116,361
24		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
25		Reverse Deduction of Amortization of UPAA	(16,887)	0	(16,887)
26		Reverse Deduction of Deferred Maintenance Amortization	1,334,034	0	1,334,034
27		Deduct Actual Deferred Maintenance Expenditures	(600,000)	0	(600,000)
28		Reverse All CIAC Amortization Credits	(6,288,790)	0	(6,288,790)
29		Reflect Actual Taxable CIAC Received	120,487	0	120,487
30		Reflect Repairs Deduction	(27,313,948)	0	(27,313,948)
31		Reverse Book Cost of Removal	5,137,008	0	5,137,008
32		Reflect Actual Cost of Removal	(8,461,029)	0	(8,461,029)
33		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)**	($40,704,484)	$0	($40,704,484)
34					
35		**Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)**	**$6,977,252**	**$0**	**$6,977,252**
36					
37	**Calculation of Current State Income Taxes**				
38		Tax Rate	5.0%	5.0%	5.0%
39		**Current Taxes (Line 35 x Line 38)**	**348,863**	**0**	**348,863**
40		Adjustment For Tax Provision			0
41		**Total Current Taxes**	**348,863**	**0**	**348,863**
42		Less: Prior Year Adjustment	0	0	0
43		**Total State Income Taxes (Line 41 - Line 42)**	**$348,863**	**$0**	**$348,863**
44					
45	**Calculation of Deferred State Income Taxes**				
46		State Defered Taxes Related to UPIS, CIAC, and Repairs	1,908,579	0	1,908,579
47		State Defered Taxes Related to Deferred Maintenance	(36,702)	0	(36,702)
48		State Defered Taxes Related to Property Losses	(2,854)	0	(2,854)
49		State Defered Taxes Related to Cost of Removal	166,201	0	166,201
50		State Defered Taxes - Prior Year	0	0	0
51		**Items Deferred**	**$2,035,224**	**$0**	**$2,035,224**
52		Adjustment For Tax Provision	0	0	0
53		**Sum Items Deferred**	**$2,035,224**	**$0**	**$2,035,224**
54					
55		**Amortization of Deferred Income Tax Assets & Liabilties**			
56		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	0	0	0
57		**Sum Total Deferred Taxes**	**$2,035,224**	**$0**	**$2,035,224**
58					
59					
60		**Total Current + Deferred State Income Taxes (Line 43 + Line 57)**	**$2,384,087**	**$0**	**$2,384,087**

Workpaper #: **SCHEDULE E-1.3**

Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.3 Federal Inc Tax Forecast**

Kentucky American Water Company
Case No. 2026-00094
Base Year Adjustment Federal and State Taxes
For the 12 Months Ending December 31, 2027

Witness Responsible: Linda Schlessman **W/P - 6-1**

Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Category	Item	Current Rates Federal Tax Calculation Forecast Period	At Proposed Rates Adjustments	Forecast Period At Proposed Rates
1	**Book Revenue (+)**				
2		Operating Revenue	$162,484,251	$17,684,458	$180,168,709
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(59,805,797)	(109,351)	(59,915,148)
6		Depreciation, Amortization, & Cost of Removal	(37,807,123)	0	(37,807,123)
7		Taxes Other Than Income	(11,768,932)	(28,207)	(11,797,139)
8		Interest Expense	(17,067,439)	0	(17,067,439)
9		**Total Book Deductions (Sum Lines 5 - 8)**	**(126,449,292)**	**(137,557)**	**(126,586,849)**
10					
11		**Book Pre-Tax Income (Line 2 + Line 9)**	**$36,034,959**	**$17,546,901**	**$53,581,860**
12					
13		Current State Income Tax	169,184	(877,345)	(708,161)
14		Tax Amortizations	0	0	0
15					
16	**Reconciling Items**				
		Permanent Differences:			
17		**(Deduction) or Reversal of Deduction**			
18		Non-Deductible Meals	26,819	0	26,819
19		Non-Deductible Penalties and Mandatory Dividends	147,133	0	147,133
20		**Pre-Tax Income After Perm. Differences (Line 11 + Line 13 + Line 18 + Line 19)**	**$36,378,096**	**$16,669,556**	**$53,047,652**
21					
		Temporary Differences:			
22		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
23		Deduct Tax Depreciation (State or Federal)	(39,816,161)	0	(39,816,161)
24		Reverse Deduction of Book Depreciation	38,568,774	0	38,568,774
25		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
26		Reverse Deduction of Amortization of UPAA	(80,108)	0	(80,108)
27		Reverse Deduction of Deferred Maintenance Amortization	1,374,184	0	1,374,184
28		Deduct Actual Deferred Maintenance Expenditures	(2,136,000)	0	(2,136,000)
29		Reverse All CIAC Amortization Credits	(6,587,452)	0	(6,587,452)
30		Reflect Actual Taxable CIAC Received	103,750	0	103,750
31		Reflect Repairs Deduction	(26,158,645)	0	(26,158,645)
32		Reverse Book Cost of Removal	5,956,973	0	5,956,973
33		Reflect Actual Cost of Removal	(8,147,765)	0	(8,147,765)
34		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 23 - 33)**	**($36,865,370)**	**$0**	**($36,865,370)**
35					
36		**Pre-Tax Income After Permanent and Temporary Differences (Line 20 + Line 34)**	**($487,274)**	**$16,669,556**	**$16,182,282**
37					
38	**Calculation of Current Federal Income Taxes**				
39		Tax Rate	21%	21%	21%
40		**Current Taxes (Line 36 x Line 39)**	**($102,328)**	**$3,500,607**	**$3,398,279**
41					
42					
43	**Calculation of Deferred Federal Income Taxes**				
44		Federal Defered Taxes Related to UPIS, CIAC, and Repairs	6,748,348	0	6,748,348
45		Federal Defered Taxes Related to Deferred Maintenance	151,982	0	151,982
46		Federal Defered Taxes Related to Property Losses	(11,387)	0	(11,387)
47		Federal Defered Taxes Related to Cost of Removal	437,063	0	437,063
48		**Sum Items Deferred**	**$7,326,005**	**$0**	**$7,326,005**
49					
50		**Amortization of Deferred Income Tax Assets & Liabilties**			
51		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	(1,174,615)	0	(1,174,615)
52					
53		Amortization of Deferred ITC	0	0	0
54		**Sum Total Federal Deferred Taxes + Amortization of ITC**	**$6,151,390**	**$0**	**$6,151,390**
55					
56					
57		**Total Current + Deferred Federal Income Taxes + Amortization of ITC (Line 40 + Line 54)**	**$6,049,063**	**$3,500,607**	**$9,549,669**

Workpaper #: **SCHEDULE E-1.4**
Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.4 State Inc Tax Forecast**

Kentucky American Water Company
Case No. 2026-00094
Base Year Adjustment Federal and State Taxes
For the 12 Months Ending December 31, 2027

Witness Responsible: Linda Schlessman **W/P - 6-1**
Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Category	Item	Current Rates State Tax Calculation Forecast Period	At Proposed Rates Adjustments	Forecast Period At Proposed Rates
1	**Book Revenue (+)**				
2		Operating Revenue	$162,484,251	$17,684,458	$180,168,709
3					
4	**Book Deductions (-)**				
5		O&M Expenses	(59,805,797)	(109,351)	(59,915,148)
6		Depreciation, Amortization, & Cost of Removal	(37,807,123)	0	(37,807,123)
7		Taxes Other Than Income	(11,768,932)	(28,207)	(11,797,139)
8		Interest Expense	(17,067,439)	0	(17,067,439)
9		**Total Book Deductions (Sum Lines 5 - 8)**	**($126,449,292)**	**($137,557)**	**($126,586,849)**
10					
11		**Book Pre-Tax Income (Line 2 + Line 9)**	**$36,034,959**	**$17,546,901**	**$53,581,860**
12					
13		Tax Amortizations	0	0	0
14					
15	**Reconciling Items**				
		Permanent Differences:			
16		**(Deduction) or Reversal of Deduction**			
17		Non-Deductible Meals	26,819	0	26,819
18		Non-Deductible Penalties and Mandatory Dividends	147,133	0	147,133
19		**Pre-Tax Income After Perm. Differences (Line 11 + Line 13 + Line 17 + Line 18)**	**$36,208,911**	**$17,546,901**	**$53,755,813**
20					
		Temporary Differences:			
21		**(Deduction) or Reversal of Deduction; Revenue or (Reversal of Revenue)**			
22		Deduct Tax Depreciation (State or Federal)	(42,543,391)	0	(42,543,391)
23		Reverse Deduction of Book Depreciation	38,568,774	0	38,568,774
24		Reverse Deduction of Amortization of Property Losses	57,080	0	57,080
25		Reverse Deduction of Amortization of UPAA	(80,108)	0	(80,108)
26		Reverse Deduction of Deferred Maintenance Amortization	1,374,184	0	1,374,184
27		Deduct Actual Deferred Maintenance Expenditures	(2,136,000)	0	(2,136,000)
28		Reverse All CIAC Amortization Credits	(6,587,452)	0	(6,587,452)
29		Reflect Actual Taxable CIAC Received	103,750	0	103,750
30		Reflect Repairs Deduction	(26,158,645)	0	(26,158,645)
31		Reverse Book Cost of Removal	5,956,973	0	5,956,973
32		Reflect Actual Cost of Removal	(8,147,765)	0	(8,147,765)
33		**Net Temporary (Deductions) or Reversal of Deductions (Sum Lines 22 - 32)**	($39,592,600)	$0	($39,592,600)
34					
35		**Pre-Tax Income After Permanent and Temporary Differences (Line 19 + Line 33)**	**($3,383,688)**	**$17,546,901**	**$14,163,213**
36					
37	**Calculation of Current State Income Taxes**				
38		Tax Rate	5.0%	5.0%	5.0%
39		**Current Taxes (Line 35 x Line 38)**	**($169,184)**	**$877,345**	**$708,161**
40					
41					
42	**Calculation of Deferred State Income Taxes**				
43		State Defered Taxes Related to UPIS, CIAC, and Repairs	1,834,854	0	1,834,854
44		State Defered Taxes Related to Deferred Maintenance	38,091	0	38,091
45		State Defered Taxes Related to Property Losses	(2,854)	0	(2,854)
46		State Defered Taxes Related to Cost of Removal	109,540	0	109,540
47		**Sum Items Deferred**	**$1,979,630**	**$0**	**$1,979,630**
48					
49		**Amortization of Deferred Income Tax Assets & Liabilties**			
50		Amortization of Deferred Regulatory Tax Assets & Tax Liabilities	0	0	0
51		**Sum Total Deferred Taxes**	**$1,979,630**	**$0**	**$1,979,630**
52					
53					
54		**Total Current + Deferred State Income Taxes (Line 39 + Line 51)**	**$1,810,446**	**$877,345**	**$2,687,791**

Workpaper #: **SCHEDULE E-1.5**

Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-1.5 Summary of Income Tax Adj**

Kentucky American Water Company
Case No. 2026-00094
Base Year Adjustment Federal and State Taxes
For the 12 Months Ending December 31, 2027

Witness Responsible: Linda Schlessman **W/P - 6-1**

Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Reference Base Period	Reference Forecasted Period	Description	At Current Rates Base Period	Present Rates Forecasted Period	Adjustment
1						
2						
3			State Income Taxes			
4	Sch E-1.2	Sch E-1.4	Current	$348,863	($169,184)	($518,047)
5	Sch E-1.2	Sch E-1.4	Deferred	2,035,224	1,979,630	(55,594)
6						
7						
8			Total State Income Taxes	$2,384,087	$1,810,446	($573,641)
9						
10						
11						
12			Federal Income Taxes			
13	Sch E-1.1	Sch E-1.3	Current	1,976,733	(102,328)	(2,079,061)
14	Sch E-1.1	Sch E-1.3	Deferred	7,535,773	7,326,005	(209,767)
15	Sch E-1.1	Sch E-1.3	Amort. Def Reg Assets/Liab.	(684,685)	(1,174,615)	(489,930)
16	Sch E-1.1	Sch E-1.3	Deferred - ITC	0	0	0
17						
18						
19			Total Federal Income Taxes	$8,827,821	$6,049,063	($2,778,759)
20						
21						
22			Total Income Taxes	$11,211,908	$7,859,508	($3,352,400)

Workpaper #: **SCHEDULE E-2**

Excel Reference: **Taxes\[KAWC 2026 Rate Case - Income Tax Exhibit.xlsx]E-2 Jurisdictional Income Taxes**

Kentucky American Water Company
Case No. 2026-00094
Jurisdictional Factors for Income Tax Expense
For the 12 Months Ending December 31, 2027

Witness Responsible: Linda Schlessman **W/P - 6-1**

Type of Filing: __X__ Original _____ Updated _____ Revised

Line	Account Title	Total Utility	Jurisdictional Percent	Jurisdiction	Jurisdictional Code / Explanation
1					
2					
3					
4	**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY.**				
5					
6	**100% JURISDICTIONAL FOR KENTUCKY-AMERICAN WATER COMPANY.**				
7					
8					
9					

EXHIBIT 37
SCHEDULE F

ORGANIZATIONAL MEMBERSHIP DUES, INITIATION FEES, COUNTRY CLUB EXPENDITURES, CHARITABLE CONTRIBUTIONS, MARKETING EXPENSES, SALES EXPENSES, ADVERTISING EXPENSES, PROFESSIONAL SERVICE EXPENSES, CIVIC AND POLITICAL ACTIVITY EXPENSES, EMPLOYEE PARTIES AND OUTING EXPENSES, EMPLOYEE GIFT EXPENSES, AND RATE CASE EXPENSES FOR THE BASE AND FORECASTED PERIODS

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
F-1	Organization Membership, Social, and Service Club Dues
F-2.1	Charitable Contributions
F-2.2	Initiation Fees/Country Club Expenses
F-2.3	Employee Party, Outing and Gift Expenses
F-3	Customer Service, Sales Promotion and Advertising Expense
F-4	Advertising
F-5	Professional Service Expense
F-6	Rate Case Expense
F-7	Civic, Political and Related Activities

Please see attached. For electronic version, see KAW_APP_EX37F_051526.pdf

Kentucky American Water Company
Case No. 2026-00094
Organization Membership, Social, and Service Club Dues
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-1
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Account No.	Social Organization / Service Club	Base Period Total Utility	Base Period Jurisdictional %	Base Period Jurisdiction	Forecasted Period Total Utility	Forecasted Period Jurisdictional %	Forecasted Period Jurisdiction
1	52524000	Downtown Lexington Partnership	$2,500	100.00%	$2,500	$2,500	100.00%	$2,500
2	52524000	American Water Works Association (Amort)	15,231		15,231	15,231		15,231
3	52524000	American Water Works Association (Other)	264		264	264		264
4	52524000	Rockcastle Co Chamber of Comm	100		100	100		100
5	52524000	Georgetown-Scott City Chamber of Commerce	781		781	781		781
6	52524000	Kentucky Association of Mapping Professionals	140		140	140		140
7	52524000	KY Environment Protect	15,090		15,090	15,090		15,090
8	52524000	Public Relations Society of America	704		704	704		704
9	52524000	Kentucky League of Cities	2,000		2,000	2,000		2,000
10	52524000	Commerce Lexington	6,404		6,404	6,404		6,404
11	52524000	Winchester Clark County Chamber of Commerce	500		500	500		500
12	52524000	Owen County Chamber of Commerce	622		622	622		622
13	52524000	Kentucky Chamber of Commerce	13,585		13,585	13,585		13,585
14	52524000	Woodford County Chamber of Commerce	520		520	520		520
15	52524000	Kentucky Association for Economic Development	600		600	600		600
16	52524000	Paris-Bourbon County Chamber of Commerce	650		650	650		650
17	52524000	Kentucky Rural Water Association (KRWA)	825		825	825		825
18	52524000	Better Business Bureau	850		850	850		850
19	52524000	Central Kentucky Apartment Association	360		360	360		360
20	52524000	Frankfort Area Chamber of Commerce	1,145		1,145	1,145		1,145
21	52524000	Water Environment Federation (WEF)	201		201	201		201
22	52524000	Kentucky Association of Counties	2,500		2,500	2,500		2,500
23	52524000	Sam's Club	110		110	0		0
24								
25		Totals	$65,682		$65,682	$65,572		$65,572

Kentucky American Water Company
Case No. 2026-00094
Charitable Contributions
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-2.1
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Account No.	Charitable Organization	Base Period Total Utility	Base Period Jurisdictional %	Base Period Jurisdiction	Forecasted Period Total Utility	Forecasted Period Jurisdictional %	Forecasted Period Jurisdiction
1	52514000	Bourbon County Fiscal Court	$500		$500	$0	100.00%	$0
2	52514000	City of Cynthiana	500		500	0		0
3	52514000	City of Georgetown	500		500	0		0
4	52514000	City of Millersburg	500		500	0		0
5	52514000	City of North Middletown	500		500	0		0
6	52514000	City of Owenton	500		500	0		0
7	52514000	City of Winchester	500		500	0		0
8	52514000	Clark County Fiscal Court	500		500	0		0
9	52514000	Commerce Lexington	8,125		8,125	0		0
10	52514000	Community Ventures Corporation	5,000		5,000	0		0
11	52514000	Fayette County Public Schools	10,000		10,000	0		0
12	52514000	Franklin County Fiscal Court	500		500	0		0
13	52514000	Harrison County Fire Protection	500		500	0		0
14	52514000	Hutchison Station Volunteer Fire Department	500		500	0		0
16	52514000	Lafayette Band Association	1,000		1,000	0		0
17	52514000	Lexington Fayette Urban Co Gov	500		500	0		0
18	52514000	LFUCG Environmental Commission	1,500		1,500	0		0
19	52514000	Livingston Fire & Rescue Inc	500		500	0		0
20	52514000	Monterey Volunteer Fire Department	500		500	0		0
21	52514000	Owen County Chamber of Commerce	1,000		1,000	0		0
22	52514000	Owen County Volunteer Fire Department	500		500	0		0
23	52514000	Pongo Volunteer Fire Dept	500		500	0		0
24	52514000	Rockcastle ATC FBLA	100		100	0		0
25	52514000	Rockcastle County Fiscal Court	500		500	0		0
26	52514000	Scott County Fiscal Court	500		500	0		0
27	52514000	The Nest - Center for Women, Children, and Families	2,500		2,500	0		0
28	52514000	Triangle Foundation	3,000		3,000	0		0
29	52514000	Woodford Co Fire Protection	500		500	0		0
30	52514000	Children's Advocacy of Kentucky	1,021		1,021	0		0
31	52514000	Alpha Phi Alpha	850		850	0		0
32	52514000	Downtown Lexington Partnership	1,545		1,545	0		0
33	52514000	Georgetown-Scott City Chamber of Commerce	1,000		1,000	0		0
		Totals	$46,141		$46,141	$0		$0

Kentucky American Water Company
Case No. 2026-00094
Initiation Fees/Country Club Expenses
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-2.2
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Account No.	Payee Organization	Base Period Utility	Base Period Jurisdictional %	Base Period Jurisdiction	Forecasted Period Total Utility	Forecasted Period Jurisdictional %	Forecasted Period Jurisdiction
1								
2								
3								
4		**None to report**		100.00%			100.00%	
5								
6								
7								
8		Totals	$0		$0	$0		$0

Kentucky American Water Company
Case No. 2026-00094
Employee Party, Outing and Gift Expenses
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-2.3
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Account No.	Employee Expenditures	Base Period Total Utility	Base Period Jurisdictional %	Base Period Jurisdiction	Forecasted Period Total Utility	Forecasted Period Jurisdictional %	Forecasted Period Jurisdiction
1								
2								
3								
4	50451000	Employee Service Awards	$72	100.00%	$72	$3,057	100.00%	$3,057
5								
6								
7								
9								
10								
11		Totals	$72		$72	$3,057		$3,057

Kentucky American Water Company
Case No. 2026-00094
Customer Service, Sales Promotion and Advertising Expense
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-3
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Account No.	Description of Expenses	Base Period Total Utility	Base Period Jurisdictional %	Base Period Jurisdiction	Forecasted Period Total Utility	Forecasted Period Jurisdictional %	Forecasted Period Jurisdiction
1								
2								
3		CUSTOMER SERVICE EXPENSES						
4		Customer Service and Informational Expense	$0	100.00%	$0	$0	100.00%	$0
5								
6								
7		SALES PROMOTION EXPENSE						
8		Sales Promotion Expense	$0	100.00%	$0	$0	100.00%	$0

Kentucky American Water Company
Case No. 2026-00094
Advertising
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-4
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Item	Sales or Promotional Advertising	Institutional Advertising	Conservation Advertising	Other Customer Education	
1						
2						
3						
4	**None to report**			100.00%		100.00%
5						
6						
7						
8	Totals		$0	$0	$0	$0

Kentucky American Water Company
Case No. 2026-00094
Professional Service Expenses
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Exhibit 37, Schedule F-5
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Description	Expense Breakdown Rate Case	Annual Audit	Legal	Total Company Unadjusted	Jurisdictional %	Jurisdictional Unadjusted	Adjustments	Jurisdictional Adjusted
1									
2	Base Period:								
3									
4	Legal	$572,399	$0	$320,474	$892,873	100.00%	$892,873	$0	$892,873
5									
6	Engineering	0	0	0	0		0	0	0
7									
8	Accounting	0	218,200	0	218,200		218,200	0	218,200
9									
10	Other	0	0	0	0		0	0	0
11									
12	Totals	$572,399	$218,200	$320,474	$1,111,073		$1,111,073	$0	$1,111,073
13									
14									
15									
16									
17									
18									
19									
20	Forecasted Period:								
21									
22	Legal	$700,000	$0	$349,124	$1,049,124	100.00%	$1,049,124	$0	$1,049,124
23									
24	Engineering	0	0	0	0		0	0	0
25									
26	Accounting	0	249,014	0	249,014		249,014	0	249,014
27									
28	Other	395,000	0	0	395,000		395,000	0	395000
29									
30	Totals	$1,095,000	$249,014	$349,124	$1,693,137		$1,693,138	$0	$1,693,138

Kentucky American Water Company
Case No. 2026-00094
Rate Case Expense
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference Ns(s).: W/P 3-6

Exhibit 37, Schedule F-6
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Line No.	Item of Expense	Current 2026 Estimate	Case No. 2025 Actual	Case No. 2025 Estimate	Case No. 2023 Actual	Case No. 2023 Estimate	Case No. 2018 Actual	Case No. 2018 Estimate	Case No. 2015 Actual	Case No. 2015 Estimate	Case No. 2012 Actual	Case No. 2012 Estimate
1												
2												
3	Comparison of projected expenses associated with the current case to prior rate cases:											
4												
5	Accounting	$0	$0	$0	$0	$0	$374,779	$312,141	$288,164	$177,000	$168,183	$198,692
6	Legal	700,000	347,736	850,000	455,201	850,000	563,590	562,500	458,005	458,000	405,449	325,000
7	Rate of Return Study	120,000	103,276	110,000	119,448	96,000	108,824	86,000	10,412	35,000	0	37,600
8	Cost of Service Study	0	0	0	0	0	35,020	50,000	39,840	77,550	74,439	60,850
9	Other	50,000	85,633	25,000	75,376	50,000	5,111	16,000	10,188	23,000	52,071	23,000
10	Weather Normalization Consultant	0	0	0	0	0	0	0	13,827	21,820	0	0
11	Compensation Study	140,000	104,950	91,500	127,967	122,350	126,813	85,000	0	0	0	0
12	Support Services Study	135,000	130,026	48,750	57,095	48,750	42,579	55,000	0	0	0	0
13	Customer Notification	52,000	41,619	68,154	66,253	68,154	54,095	48,000	26,710	60,000	0	55,000
14	Depreciation Study	0	0	0	167,362	85,783	15,918	15,918	36,735	32,000	0	0
15	Totals	$1,197,000	$813,240	$1,193,404	$1,068,702	$1,321,037	$1,326,729	$1,230,559	$883,881	$884,370	$700,142	$700,142
16												
17												
18												
19												
20												

						Amount		Write-Offs
21	Schedule of Rate Case Expense Amortization:							
22		Total			Amortization	Amortized	Forecasted	Base
23		Amortized	Order No.	Order Date	Period	to Date 2/2026	Period	Period
24								
25	Case No. 2025-00122	$713,791	2025-00122	12/16/2025	3 Years	$39,655	$0	$0
26								
25	Case No. 2023-00191	996,741	2023-00191	11/6/2024	3 Years	359,934	0	0
26								
27	Case No. 2018-00358	1,326,729	2018-00358	06/2019	3 Years	1,326,729	0	0
28								
29	Case No. 2015-00418	883,881	2015-00418	08/2016	3 Years	883,881	0	0
30								
31	Case No. 2012-00520	700,142	2012-00520	10/2013	3 Years	700,142	0	0
32								
33								
34								
35							$0	$0
36								
37								

Kentucky American Water Company
Case No. 2026-00094
Civic, Political, and Related Activities
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Exhibit 37, Schedule F-7
Exhibits\+Exhibits 1-36\[Exhibit 37 Schedule F1 to F7.xlsx]Sch F1 to F7
Witness Responsible: Robert Prendergast

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s).: N/A

Line No.	Item	Amount
1		
2		
3	Base Period:	
4		
5	Donations	$0
6		
7	Civic Activities	65,682
8		
9	Political Activities	0
10		
11	Other	0
12		
13	Totals	$65,682
14		
15		
16		
17		
18		
19		
20	Forecasted Period:	
21		
22	Donations	$0
23		
24	Civic Activities	65,572
25		
26	Political Activities	0
27		
28	Other	0
29		
30	Totals	$65,572

EXHIBIT 37
SCHEDULE G

PAYROLL COST ANALYSIS

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
G-1	Payroll Costs
G-2	Payroll Analyses by Employee Classification
G-3	Executive Compensation

For electronic version, see KAW_APP_EX37G_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
PAYROLL COSTS (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-1
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	Total Company	Jurisdictional %	Jurisdictional Unadjusted	Adjustments	Jurisdictional Adjusted
1						
2						
3	**Base Period Expense:**					
4	Total Salary	$9,264,246	100.00%	$9,264,246	$0	$9,264,246
5	Other Allowances and Compensation	1,498,417		1,498,417	0	1,498,417
6	Sub-total	10,762,663		10,762,663	0	10,762,663
7						
8	Employee Benefits:					
9	Pension	142,581		142,581	0	142,581
10	Group Insurance	1,528,977		1,528,977	0	1,528,977
11	Defined Contribution Plan	340,205		340,205	0	340,205
12	401-K Plan	236,259		236,259	0	236,259
13	Sub-total	2,248,022		2,248,022	0	2,248,022
14						
15	Payroll Taxes:					
16	F.I.C.A.	777,775		777,775	0	777,775
17	Federal Unemployment	7,198		7,198	0	7,198
18	State Unemployment	14,255		14,255	0	14,255
19	Sub-total	799,228		799,228	0	799,228
20						
21	Total Compensation & Taxes	$13,809,912		$13,809,912	$0	$13,809,912
22						
23						
24						
25	**Forecasted Period Expense:**					
26	Total Salary	$12,003,468	100.00%	$12,003,468	0	$12,003,468
27	Other Allowances and Compensation	1,156,065		1,156,065	0	1,156,065
28	Sub-total	13,159,533		13,159,533	0	13,159,533
29						
30	Employee Benefits:					
31	Pension	101,814		101,814	0	101,814
32	Group Insurance	2,076,972		2,076,972	0	2,076,972
33	Defined Contribution Plan	531,224		531,224	0	531,224
34	401-K Plan	365,726		365,726	0	365,726
35	Sub-total	3,075,736		3,075,736	0	3,075,736
36						
37	Payroll Taxes:					
38	F.I.C.A.	977,241		977,241	0	977,241
39	Federal Unemployment	5,363		5,363	0	5,363
40	State Unemployment	10,738		10,738	0	10,738
41	Sub-total	993,342		993,342	0	993,342
42						
43	Total Compensation & Taxes	$17,228,611		$17,228,611	$0	$17,228,611
44						
45						

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Total Company (Water Segment)**													
3														
4	Employee Hours:													
5	Straight-Time Hours	273,348	14.73%	313,615	2.82%	322,452	-4.63%	307,531	1.17%	311,140	20.16%	373,859	14.69%	428,784
6	Overtime Hours	20,340	29.80%	26,400	25.65%	33,172	-10.18%	29,794	21.90%	36,320	-11.22%	32,244	-6.83%	30,040
7														
8	Total Employee Hours	293,688		340,015		355,625		337,325		347,460		406,102		458,824
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	7.44%		8.42%		10.29%		9.69%		11.67%		8.62%		7.01%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$8,676,142	19.99%	$10,410,250	6.51%	$11,088,048	1.07%	$11,206,557	5.04%	$11,771,384	17.06%	$13,780,037	29.95%	$17,907,046
16	Overtime Dollars	992,076	36.83%	1,357,501	26.08%	1,711,566	-7.12%	1,589,663	25.60%	1,996,651	-10.11%	1,794,786	-3.37%	1,734,301
17														
18	Total Labor Dollars	$9,668,218		$11,767,751		$12,799,614		$12,796,220		$13,768,035		$15,574,822		$19,641,347
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	11.43%		13.04%		15.44%		14.19%		16.96%		13.02%		9.69%
22														
23														
24	O&M Labor Dollars	6,401,085	16.03%	7,427,197	-7.67%	6,857,623	-3.75%	6,600,753	9.05%	7,198,229	11.99%	8,061,270	30.55%	10,524,381
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	66.21%		63.11%		53.58%		51.58%		52.28%		51.76%		53.58%
27														
28														
29	Total Employee Benefits	2,066,845	3.69%	2,143,066	39.10%	2,981,039	13.16%	3,373,341	9.37%	3,689,442	19.17%	4,396,874	35.45%	5,955,465
30	Employee Benefits Expensed	740,152	8.06%	799,785	100.95%	1,607,145	12.36%	1,805,805	14.17%	2,061,603	22.12%	2,517,595	44.02%	3,625,965
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	35.81%		37.32%		53.91%		53.53%		55.88%		57.26%		60.88%
33														
34														
35	Total Payroll Taxes	0	0.00%	857,198	12.20%	961,788	4.22%	1,002,362	10.39%	1,106,461	19.88%	1,326,432	23.74%	1,641,385
36	Payroll Taxes Expensed	0	0.00%	562,066	10.85%	623,038	-0.71%	618,609	9.14%	675,134	18.38%	799,228	24.29%	993,342
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	0.00%		65.57%		64.78%		61.72%		61.02%		60.25%		60.52%
39														
40														
41	Average Employee Levels	143	4.90%	150	0.00%	150	-5.33%	142	3.52%	147	0.00%	147	40.14%	206
42														
43	Year-End Employee Levels	144	4.86%	151	-3.31%	146	-6.85%	136	12.50%	153	0.00%	153	34.64%	206

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Production**													
3														
4	Employee Hours:													
5	Straight-Time Hours	86,186	4.27%	89,862	-13.46%	77,771	-3.35%	75,169	0.08%	75,233	21.35%	91,296	14.17%	104,237
6	Overtime Hours	6,474	12.98%	7,314	-9.35%	6,630	-0.41%	6,603	40.45%	9,274	-7.83%	8,548	-14.43%	7,315
7														
8	Total Employee Hours	92,660		97,177		84,401		81,772		84,507		99,844		111,552
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	7.51%		8.14%		8.53%		8.78%		12.33%		9.36%		7.02%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$2,621,227	5.38%	$2,762,284	-9.08%	$2,511,357	1.51%	$2,549,241	3.60%	$2,640,960	15.84%	$3,059,168	34.03%	$4,100,226
16	Overtime Dollars	345,439	17.09%	404,490	-7.41%	374,518	3.26%	386,743	47.57%	570,733	-8.39%	522,821	-11.44%	463,003
17														
18	Total Labor Dollars	$2,966,667		$3,166,774		$2,885,874		$2,935,983		$3,211,693		$3,581,989		$4,563,229
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	13.18%		14.64%		14.91%		15.17%		21.61%		17.09%		11.29%
22														
23														
24	O&M Labor Dollars	2,966,667	6.75%	3,166,774	-8.87%	2,885,874	1.74%	2,935,983	9.39%	3,211,693	11.53%	3,581,989	27.39%	4,563,229
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
27														
28														
29	Total Employee Benefits	343,033	-0.59%	341,008	65.28%	563,626	12.36%	633,296	25.04%	791,862	17.38%	929,496	44.02%	1,338,706
30	Employee Benefits Expensed	343,033	-0.59%	341,008	65.28%	563,626	12.36%	633,296	25.04%	791,862	17.38%	929,496	44.02%	1,338,706
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
33														
34														
35	Total Payroll Taxes	260,497	1.98%	265,648	2.00%	270,951	3.95%	281,659	10.60%	311,507	14.35%	356,216	24.29%	442,733
36	Payroll Taxes Expensed	260,497	1.98%	265,648	2.00%	270,951	3.95%	281,659	10.60%	311,507	14.35%	356,216	24.29%	442,733
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
39														
40														
41	Average Employee Levels	42	4.76%	44	-2.27%	43	-4.65%	41	9.76%	45	0.00%	45	22.22%	55
42														
43	Year-End Employee Levels	44	-4.55%	42	0.00%	42	-7.14%	39	20.51%	47	0.00%	47	17.02%	55
44														

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Distribution**													
3														
4	Employee Hours:													
5	Straight-Time Hours	77,517	18.77%	92,070	-28.89%	65,475	-3.11%	63,440	10.37%	70,017	13.68%	79,594	11.94%	89,101
6	Overtime Hours	4,557	36.44%	6,218	33.05%	8,272	-24.24%	6,268	5.92%	6,639	1.07%	6,710	-3.88%	6,450
7														
8	Total Employee Hours	82,074		98,288		73,747		69,708		76,655		86,304		95,551
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	5.88%		6.75%		12.63%		9.88%		9.48%		8.43%		7.24%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$2,234,122	22.74%	$2,742,064	-29.94%	$1,921,146	2.55%	$1,970,217	14.69%	$2,259,723	11.05%	$2,509,345	28.46%	$3,223,533
16	Overtime Dollars	209,978	46.27%	307,133	34.50%	413,088	-20.64%	327,840	8.24%	354,843	2.12%	362,367	-0.29%	361,320
17														
18	Total Labor Dollars	$2,444,100		$3,049,198		$2,334,234		$2,298,057		$2,614,566		$2,871,712		$3,584,854
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	9.40%		11.20%		21.50%		16.64%		15.70%		14.44%		11.21%
22														
23														
24	O&M Labor Dollars	2,444,100	24.76%	3,049,198	-23.45%	2,334,234	-1.55%	2,298,057	13.77%	2,614,566	9.84%	2,871,712	24.83%	3,584,854
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
27														
28														
29	Total Employee Benefits	282,609	16.18%	328,347	26.97%	416,893	12.36%	468,426	35.33%	633,943	8.06%	685,037	44.02%	986,625
30	Employee Benefits Expensed	282,609	16.18%	328,347	26.97%	416,893	12.36%	468,426	35.33%	633,943	8.06%	685,037	44.02%	986,625
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
33														
34														
35	Total Payroll Taxes	214,611	19.19%	255,785	-17.43%	211,193	2.05%	215,523	15.47%	248,854	8.81%	270,778	24.29%	336,544
36	Payroll Taxes Expensed	214,611	19.19%	255,785	-17.43%	211,193	2.05%	215,523	15.47%	248,854	8.81%	270,778	24.29%	336,544
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
39														
40														
41	Average Employee Levels	65	3.08%	67	-56.72%	29	0.00%	29	0.00%	29	0.00%	29	79.31%	52
42														
43	Year-End Employee Levels	64	10.94%	71	-60.56%	28	0.00%	28	10.71%	31	0.00%	31	67.74%	52
44														

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Commercial**													
3														
4	Employee Hours:													
5	Straight-Time Hours	5,651	-7.88%	5,206	-100.00%	0	0.00%	80	-100.00%	0	0.00%	0	0.00%	0
6	Overtime Hours	1	0.00%	1	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
7														
8	Total Employee Hours	5,652		5,207		0		80		0		0		0
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	0.02%		0.02%		0.00%		0.00%		0.00%		0.00%		0.00%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$160,734	0.14%	$160,952	-100.00%	$0	0.00%	$2,951	-100.00%	$0	0.00%	$0	0.00%	$0
16	Overtime Dollars	66	-60.12%	26	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
17														
18	Total Labor Dollars	$160,800		$160,978		$0		$2,951		$0		$0		$0
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	0.04%		0.02%		0.00%		0.00%		0.00%		0.00%		0.00%
22														
23														
24	O&M Labor Dollars	160,800	0.11%	160,978	-100.00%	0	0.00%	2,951	-100.00%	0	0.00%	0	0.00%	0
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	100.00%		100.00%		0.00%		100.00%		0.00%		0.00%		0.00%
27														
28														
29	Total Employee Benefits	18,593	-6.77%	17,335	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
30	Employee Benefits Expensed	18,593	-6.77%	17,335	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	100.00%		100.00%		0.00%		0.00%		0.00%		0.00%		0.00%
33														
34														
35	Total Payroll Taxes	14,120	-4.36%	13,504	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
36	Payroll Taxes Expensed	14,120	-4.36%	13,504	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	100.00%		100.00%		0.00%		0.00%		0.00%		0.00%		0.00%
39														
40														
41	Average Employee Levels	8	-12.50%	7	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
42														
43	Year-End Employee Levels	8	-37.50%	5	-100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
44														

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Administrative & General**													
3														
4	Employee Hours:													
5	Straight-Time Hours	18,135	1.49%	18,405	91.52%	35,250	-15.60%	29,752	-13.25%	25,809	22.98%	31,741	41.84%	45,022
6	Overtime Hours	5	-29.39%	4	61017.32%	2,188	-57.99%	919	74.00%	1,600	13.69%	1,819	-31.12%	1,253
7														
8	Total Employee Hours	18,140		18,409		37,438		30,671		27,409		33,559		46,275
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	0.03%		0.02%		6.21%		3.09%		6.20%		5.73%		2.78%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$829,171	26.64%	$1,050,102	45.49%	$1,527,747	-13.66%	$1,319,044	-1.88%	$1,294,185	16.70%	$1,510,292	52.97%	$2,310,231
16	Overtime Dollars	346	-58.07%	145	75497.85%	109,768	-59.26%	44,718	73.95%	77,786	25.06%	97,277	-32.08%	66,067
17														
18	Total Labor Dollars	$829,517		$1,050,247		$1,637,515		$1,363,762		$1,371,970		$1,607,569		$2,376,298
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	0.04%		0.01%		7.18%		3.39%		6.01%		6.44%		2.86%
22														
23														
24	O&M Labor Dollars	829,517	26.61%	1,050,247	55.92%	1,637,515	-16.72%	1,363,762	0.60%	1,371,970	17.17%	1,607,569	47.82%	2,376,298
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
27														
28														
29	Total Employee Benefits	95,916	17.91%	113,094	454.08%	626,626	12.36%	704,083	-9.70%	635,798	42.04%	903,061	44.02%	1,300,634
30	Employee Benefits Expensed	95,916	17.91%	113,094	454.08%	626,626	12.36%	704,083	-9.70%	635,798	42.04%	903,061	44.02%	1,300,634
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
33														
34														
35	Total Payroll Taxes	72,838	20.95%	88,101	54.90%	136,465	-14.76%	116,320	-1.33%	114,773	50.06%	172,234	24.29%	214,065
36	Payroll Taxes Expensed	72,838	20.95%	88,101	54.90%	136,465	-14.76%	116,320	-1.33%	114,773	50.06%	172,234	24.29%	214,065
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	100.00%		100.00%		100.00%		100.00%		100.00%		100.00%		100.00%
39														
40														
41	Average Employee Levels	28	14.29%	32	-37.50%	20	-15.00%	17	-23.53%	13	0.00%	13	15.38%	15
42														
43	Year-End Employee Levels	28	17.86%	33	-39.39%	20	-20.00%	16	-12.50%	14	0.00%	14	7.14%	15
44														
45														

Kentucky American Water Company
Case No. 2026-00094
PAYROLL ANALYSIS BY EMPLOYEE CLASSIFICATION (WATER SEGMENT ONLY)
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-2
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	2021	% Change	2022	% Change	2023	% Change	2024	% Change	2025	% Change	Base Period	% Change	Forecasted Period
1														
2	**Construction & Other**													
3														
4	Employee Hours:													
5	Straight-Time Hours	85,859	25.87%	108,071	33.21%	143,957	-3.38%	139,090	0.71%	140,082	22.23%	171,227	11.21%	190,423
6	Overtime Hours	9,303	38.28%	12,864	25.02%	16,082	-0.48%	16,004	17.52%	18,808	-19.36%	15,167	-0.95%	15,023
7														
8	Total Employee Hours	95,162		120,935		160,038		155,094		158,890		186,395		205,446
9														
10	Ratio of Overtime Hours to													
11	Straight-Time Hours	10.83%		11.90%		11.17%		11.51%		13.43%		8.86%		7.89%
12														
13														
14	Labor Dollars:													
15	Straight-Time Dollars	$2,830,887	30.52%	$3,694,849	38.78%	$5,127,799	4.63%	$5,365,104	3.94%	$5,576,516	20.17%	$6,701,232	23.46%	$8,273,055
16	Overtime Dollars	436,246	48.01%	645,706	26.09%	814,192	1.99%	830,363	19.62%	993,289	-18.22%	812,320	3.89%	843,911
17														
18	Total Labor Dollars	$3,267,133		$4,340,554		$5,941,991		$6,195,467		$6,569,805		$7,513,552		$9,116,966
19														
20	Ratio of Overtime Dollars to													
21	Straight-Time Dollars	15.41%		17.48%		15.88%		15.48%		17.81%		12.12%		10.20%
22														
23														
24	O&M Labor Dollars	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
25	Ratio of Labor Dollars to													
26	Total Labor Dollars	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
27														
28														
29	Total Employee Benefits	612,810	6.09%	650,160	111.32%	1,373,895	14.09%	1,567,536	3.85%	1,627,839	15.45%	1,879,279	23.96%	2,329,500
30	Employee Benefits Expensed	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
31	Ratio of Employee Benefits Expensed													
32	to Total Employee Benefits	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
33														
34														
35	Total Payroll Taxes	137,064	-6.44%	128,240	164.15%	338,750	13.28%	383,753	12.40%	431,327	22.23%	527,204	22.92%	648,043
36	Payroll Taxes Expensed	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
37	Ratio of Payroll Taxes Expensed													
38	to Total Payroll Taxes	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
39														
40														
41	Average Employee Levels	0	0.00%	0	0.00%	58	-5.17%	55	9.09%	60	0.00%	60	40.00%	84
42														
43	Year-End Employee Levels	0	0.00%	0	0.00%	56	-5.36%	53	15.09%	61	0.00%	61	37.70%	84
44														

Kentucky American Water Company
Case No. 2026-00094
EXECUTIVE COMPENSATION
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-3
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	Total Company	Jurisdictional %	Jurisdictional Unadjusted	Adjustments	Jurisdictional Adjusted
1						
2						
3	Title of Executive: President					
4						
5	**Base Period:**					
6	Total Salary	$305,325	100.00%	$305,325	$0	$305,325
7	Other Allowances and Compensation	145,585		145,585	0	145,585
8	Sub-total	450,910		450,910	0	450,910
9						
10	Employee Benefits:					
11	Pension	0		0	0	0
12	Group Insurance	16,712		16,712	0	16,712
13	Defined Contribution Plan	8,045		8,045	0	8,045
14	401-K Plan	0		0	0	0
15	Sub-total	24,757		24,757	0	24,757
16						
17	Payroll Taxes	16,621		16,621	0	16,621
18						
19	Total Compensation and Taxes	$492,289		$492,289	$0	$492,289
20						
21						
22	**Forecasted Period:**					
23	Total Salary	$317,202	100.00%	$317,202	$0	$317,202
24	Other Allowances and Compensation	301,342		301,342	0	301,342
25	Sub-total	618,544		618,544	0	618,544
26						
27	Employee Benefits:					
28	Pension	0		0	0	0
29	Group Insurance	33,297		33,297	0	33,297
30	Defined Contribution Plan	16,653		16,653	0	16,653
31	401-K Plan	0		0	0	0
32	Sub-total	49,950		49,950	0	49,950
33						
34	Payroll Taxes:					
35	F.I.C.A.	24,008		24,008	0	24,008
36	Federal Unemployment	42		42	0	42
37	State Unemployment	84		84	0	84
38	Sub-total	24,134		24,134	0	24,134
39						
40	Total Compensation and Taxes	$692,628		$692,628	$0	$692,628
41						
42						
43						
44						
45						
46						

Kentucky American Water Company
Case No. 2026-00094
EXECUTIVE COMPENSATION
FOR THE TWELVE MONTHS ENDED: August 31, 2026 (Base Period)
FOR THE TWELVE MONTHS ENDED: December 31, 2027 (Forecast Period)

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibit 37, Schedule G-3
O&M\[KAWC 2026 Rate Case - Labor and Labor Related Exhibit.xlsx]Exh 37 G
Witness Responsible: Robert Prendergast

Line No.	Description	Total Company	Jurisdictional %	Jurisdictional Unadjusted	Adjustments	Jurisdictional Adjusted
1						
2						
3	Title of Executive: Vice President Operations					
4						
5	**Base Period:**					
6	Total Salary	$242,410	100.00%	$242,410	$0	$242,410
7	Other Allowances and Compensation	85,169		85,169	0	85,169
8	Sub-total	327,579		327,579	0	327,579
9						
10	Employee Benefits:					
11	Pension	0		0	0	0
12	Group Insurance	16,712		16,712	0	16,712
13	Defined Contribution Plan	6,388		6,388	0	6,388
14	401-K Plan	4,867		4,867	0	4,867
15	Sub-total	27,967		27,967	0	27,967
16						
17	Payroll Taxes	14,459		14,459	0	14,459
18						
19	Total Compensation	$370,005		$370,005	$0	$370,005
20						
21						
22	**Forecasted Period:**					
23	Total Salary	$251,840	100.00%	$251,840	$0	$251,840
24	Other Allowances and Compensation	176,288		176,288	0	176,288
25	Sub-total	428,128		428,128	0	428,128
26						
27	Employee Benefits:					
28	Pension	0		0	0	0
29	Group Insurance	33,297		33,297	0	33,297
30	Defined Contribution Plan	13,222		13,222	0	13,222
31	401-K Plan	10,074		10,074	0	10,074
32	Sub-total	56,593		56,593	0	56,593
33						
34	Payroll Taxes:					
35	F.I.C.A.	19,533		19,533	0	19,533
36	Federal Unemployment	42		42	0	42
37	State Unemployment	84		84	0	84
38	Sub-total	19,659		19,659	0	19,659
39						
40	Total Compensation	$504,380		$504,380	$0	$504,380
41						
42						
43						
44						
45						
46						

EXHIBIT 37
SCHEDULE H

COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
H	Gross Revenue Conversion Factor

For electronic version, see KAW_APP_EX37H_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Computation of the Gross Revenue Conversion Factor for the Forecast Period

Exhibit 37, Schedule H

Data: X Base Period X Forecast Period
Version: X Original _Updated _Revised

Exhibits - Filed\[KAWC 2026 Rate Case - Revenue Requirement and Conversion Factor.xlsx]Rev Conversion Factor - SCH H
Witness Responsible: John Watkins

Line #	Gross Revenue Conversion Factor Calculation	Total Rate	Gross Revenue Conversion Factor %	Percent of Total Conversion Factor	Workpaper Reference	Excel Reference
1	Gross Income from Revenue		100.0000%			
2	Less: Bad Debt Rate/ Uncollectible Expense	0.6183%	0.6183%	2.4217%	W/P - 3-10	O&M\[KAWC 2026 Rate Case - Uncollectibles Expense Exhibit.xlsx]Exhibit
3	Less: PSC / Utility Reg Assessment Fee	0.1595%	0.1595%	0.6247%	W/P - 5-2	O&M\[KAWC 2026 Rate Case - PSC Fees Exhibit.xlsx]Exhibit
4	Net Income After Uncollectibles & Reg Assessment Fees		99.2222%			
5						
6						
7	Less: State Income Tax @ 5.0%	5.00%	4.9611%	19.4296%		
9	Net Income After Uncollectibles, Reg Assessment Fees & State Tax		94.2610%			
10						
11	Less: Federal income Tax @ 21%	21.00%	19.7948%	77.5241%		
12						
13	Net Income After Uncollectibles, Reg Assessment Fees, & State & Federal Income Taxes:		74.4662%	100.0000%		
14						
15	Gross Revenue Conversion Factor (1 / Line 13)		134.2891%			
16						

EXHIBIT 37
SCHEDULE I

COMPARATIVE INCOME STATEMENTS, REVENUE STATISTICS AND SALES STATISTICS FOR FIVE MOST RECENT CALENDAR YEARS, THE BASE PERIOD, FORECASTED PERIOD AND TWO CALENDAR YEARS BEYOND THE FORECAST PERIOD

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
I-1	Comparative Income Statement
I-2	Revenue Statistics – Total Company
I-3	Sales Statistics – Total Company
I-4	Revenue Statistics - Jurisdictional
I-5	Sales Statistics - Jurisdictional

Please see attached. For electronic version, see KAW_APP_EX37I_051526.pdf

Kentucky American Water Company
Case No. 2026-00094
COMPARATIVE INCOME STATEMENT
Forecast Year (12 Months Ending December 31, 2027)

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: SCH C

Exhibit 37, Schedule I-1
Exhibits\[Exhibit 37 I-1 and K.xlsx]Sch I 1
Witness Responsible: Robert Prendergast

Line No.	Description	Water only 12 Mos Dec 2021	% Change	Water only 12 Mos Dec 2022	% Change	Water only 12 Mos Dec 2023	% Change	Water only 12 Mos Dec 2024	% Change	Water only 12 Mos Dec 2025	% Change	Water only Base Period	Water only Forecasted Period	Water only 12 Mos Dec 2028	Water only 12 Mos Dec 2029
1															
2	Operating Revenues	$102,656,372	6.53%	$109,364,940	3.53%	$113,227,188	9.91%	$124,445,071	14.43%	$142,402,833	7.40%	$152,943,165	$162,484,251	$163,862,303	$165,243,328
3															
4	Operating Expenses														
5	Operation & Maintenance	35,476,254	6.73%	37,865,084	14.30%	43,280,558	5.27%	45,560,369	8.89%	49,608,718	3.32%	51,255,277	59,805,797	61,930,139	63,352,556
6	Depreciation	19,768,253	2.66%	20,293,703	3.78%	21,061,290	28.90%	27,147,565	-2.57%	26,450,152	20.91%	31,981,340	37,830,151	43,314,653	46,165,681
7	Amortization	284,087	-69.28%	87,264	-2.58%	85,009	2.65%	87,266	0.89%	88,045	-35.90%	56,434	(23,028)	(23,028)	(23,028)
8	Taxes Other	8,844,518	-28.66%	6,309,934	85.00%	11,673,081	-22.76%	9,015,763	-43.45%	5,098,652	26.10%	6,429,473	11,768,932	12,826,724	14,060,094
9	State Income Taxes	1,420,501	-3.43%	1,371,820	-21.07%	1,082,764	44.99%	1,569,952	27.97%	2,009,049	18.67%	2,384,087	1,810,446	1,326,504	1,000,151
10	Federal Income Taxes	4,589,368	45.31%	6,668,654	-19.97%	5,337,106	13.28%	6,045,613	39.73%	8,447,813	4.50%	8,827,821	6,049,063	4,713,045	3,553,519
11															
12	Total Operating Expenses	70,382,981	3.14%	72,596,458	13.67%	82,519,808	8.37%	89,426,527	2.54%	91,702,428	10.07%	100,934,432	117,241,361	124,088,037	128,108,973
13															
14	Operating Income	32,273,391	13.93%	36,768,482	-16.48%	30,707,380	14.04%	35,018,544	44.78%	50,700,405	2.58%	52,008,733	45,242,890	39,774,266	37,134,355
15															
16	AFUDC	659,895	-14.83%	562,012	11.34%	625,771	89.95%	1,188,648	-31.59%	813,189	-100.00%	0	0	0	0
17	Other Income	(55,813)	-100.00%	0	0.00%	153,417	42.37%	218,417	-85.23%	32,255	-103.10%	(999)	0	5,909	147,598
18															
19	Total Other Income	604,082	-6.96%	562,012	38.64%	779,188	80.58%	1,407,065	-39.91%	845,444	-100.12%	(999)	0	5,909	147,598
20															
21	Income before Deductions	32,877,473	13.54%	37,330,493	-15.65%	31,486,568	15.69%	36,425,609	41.51%	51,545,849	0.90%	52,007,734	45,242,890	39,780,175	37,281,952
22															
23	Income Deductions														
24	Interest on Long-Term Debt	9,508,928	4.69%	9,954,929	6.11%	10,562,726	14.45%	12,089,458	10.67%	13,379,683	10.63%	14,801,582	17,799,863	18,983,489	21,488,937
25	Amort of Debt Expense	349,327	3.37%	361,091	0.45%	362,714	3.48%	375,334	3.97%	390,247	-19.03%	315,996	336,318	287,335	303,723
26	Interest on Bank Debt	76,866	297.56%	305,589	164.73%	808,977	-46.34%	434,122	5.76%	459,116	-16.40%	383,832	104,665	104,665	104,665
27	Other Interest	829	-63%	310	115.82%	669	19692%	132,414	-100%	164	-100%	0	0	0	0
28	Miscellaneous Amortization	(425)	0.00%	(425)	0.00%	(425)	0.00%	(425)	0.00%	(425)	-50.00%	(212)	0	0	0
29	Other Deductions	143,944	19.04%	171,351	33%	227,843	-0.94%	225,712	-21.54%	177,102	-32.86%	118,913	0	0	0
30															
31	Total Income Deductions	10,079,469	7.08%	10,792,846	10.84%	11,962,504	10.82%	13,256,615	8.67%	14,405,887	8.43%	15,620,111	18,240,846	19,375,488	21,897,325
32															
33	Net Income	$22,798,005	16.40%	$26,537,647	-26.43%	$19,524,063	18.67%	$23,168,994	60.30%	$37,139,962	-2.03%	$36,387,623	$27,002,044	$20,404,687	$15,384,628

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I-2
KAWC 2026 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics
Witness Responsible: Charles Rea

Line No.	Description	2021	2022	2023	2024	2025	Base Period	Forecasted Period	2027	3 Projected Calendar Years 2028	2029	2030
1												
2	Revenue by Customer Class:											
3	Residential	$57,380,927	$59,386,024	$61,868,856	$67,224,886	$77,812,330	$81,676,790	$85,440,760	$85,440,760	$85,849,266	$86,257,772	$86,666,270
4	Commercial	25,668,665	27,664,494	28,999,168	31,534,932	36,450,475	42,544,875	43,496,206	43,496,206	43,894,658	44,296,063	44,700,440
5	Industrial	2,616,117	2,582,860	2,780,738	2,867,460	3,375,895	4,140,019	4,540,793	4,540,793	4,540,793	4,540,793	4,540,793
6	Municipal & OPA	6,589,838	7,041,428	7,124,622	7,929,915	9,439,066	11,728,432	12,096,512	12,096,512	12,278,123	12,459,733	12,641,344
7	Sales For Resale	1,198,329	1,354,353	1,627,108	2,026,243	2,126,238	3,029,879	2,173,489	2,173,489	2,173,489	2,173,489	2,173,489
8	Miscellaneous	137,815	109,255	123,767	130,977	191,860	166,839	155,792	155,792	155,792	155,792	155,792
9	Fire Services	7,525,745	7,782,120	8,054,092	8,774,852	10,587,733	12,085,450	12,129,537	12,129,537	12,510,231	12,890,926	13,271,620
10												
11	Total	$101,117,437	$105,920,534	$110,578,352	$120,489,265	$139,983,597	$155,372,284	$160,033,089	$160,033,089	$161,402,352	$162,774,568	$164,149,748
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential	123,090	124,036	124,975	126,021	126,901	127,543	137,606	137,606	138,618	139,631	140,644
16	Commercial	9,267	9,390	9,527	9,558	9,602	9,644	10,453	10,453	10,518	10,583	10,648
17	Industrial	26	26	27	27	28	28	42	42	42	42	42
18	Municipal & OPA	752	768	781	804	817	820	918	918	933	948	962
19	Sales For Resale	16	16	20	18	16	17	16	16	16	16	16
20	Miscellaneous	45	54	63	54	62	64	64	64	64	64	64
21	Fire Services	2,457	2,515	2,558	2,582	2,604	2,623	2,715	2,715	2,750	2,785	2,814
22												
23	Total	135,654	136,806	137,950	139,065	140,030	140,738	151,814	151,814	152,941	154,068	155,190
24												
25												
26	End of Period:											
27	Residential	123,551	124,255	125,418	126,477	127,293	128,161	138,036	138,036	139,049	140,061	141,074
28	Commercial	9,290	9,399	9,544	9,544	9,594	9,705	10,451	10,451	10,516	10,581	10,646
29	Industrial	26	26	27	28	28	28	42	42	42	42	42
30	Municipal & OPA	753	770	786	816	814	827	923	923	938	952	967
31	Sales For Resale	15	17	20	17	16	16	16	16	16	16	16
32	Miscellaneous	45	61	61	59	65	64	64	64	64	64	64
33	Fire Services	2,487	2,537	2,583	2,591	2,619	2,637	2,734	2,734	2,769	2,804	2,831
34												
35	Total	136,167	137,065	138,439	139,532	140,429	141,438	152,267	152,267	153,394	154,521	155,640
36												
37												
38	Average Revenue per Customer:											
39	Residential	$466	$479	$495	$533	$613	$640	$621	$621	$619	$618	$616
40	Commercial	2,770	2,946	3,044	3,299	3,796	4,411	4,161	4,161	4,173	4,186	4,198
41	Industrial	100,620	99,341	104,278	104,588	120,568	147,858	108,114	108,114	108,114	108,114	108,114
42	Municipal & OPA	8,758	9,167	9,128	9,858	11,556	14,308	13,173	13,173	13,161	13,149	13,137
43	Sales For Resale	75,288	83,774	82,385	111,536	130,845	183,629	135,843	135,843	135,843	135,843	135,843
44	Miscellaneous	3,046	2,020	1,959	2,414	3,074	2,610	2,434	2,434	2,434	2,434	2,434
45	Fire Services	3,062	3,095	3,149	3,399	4,067	4,608	4,467	4,467	4,549	4,629	4,716
46												
47												
48	Note: Revenue data represents billed revenues only and does not reflect additional revenues from the current or future rate filings.											

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I-3
KAWC 2026 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics
Witness Responsible: Charles Rea

Line No.	Description	2021	2022	2023	2024	2025	Base Period	Forecasted Period	2027	3 Projected Calendar Years 2028	2029	2030
1												
2	Revenue by Customer Class:											
3	Residential											
4	Commercial											
5	Industrial											
6	Municipal & OPA											
7	Sales For Resale											
8	Miscellaneous											
9	Fire Services											
10												
11	Total		**ALL COMPANY OPERATIONS ARE JURISDICTIONAL**									
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential											
16	Commercial											
17	Industrial											
18	Municipal & OPA											
19	Sales For Resale											
20	Miscellaneous											
21	Fire Services											
22												
23	Total											
24												
25												
26	End of Period:											
27	Residential											
28	Commercial											
29	Industrial											
30	Municipal & OPA											
31	Sales For Resale											
32	Miscellaneous											
33	Fire Services											
34												
35	Total											
36												
37												
38	Average Revenue per Customer:											
39	Residential											
40	Commercial											
41	Industrial											
42	Municipal & OPA											
43	Sales For Resale											
44	Miscellaneous											
45	Fire Services											

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I-4
KAWC 2026 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics
Witness Responsible: Charles Rea

Line No.	Description	2021	2022	2023	2024	2025	Base Period	Forecasted Period	2027	3 Projected Calendar Years 2028	2029	2030
1												
2	Sales by Customer Class:											
3	Residential	5,874,579	5,987,176	6,153,290	6,187,116	6,305,265	6,385,463	6,610,936	6,610,936	6,660,311	6,709,686	6,759,060
4	Commercial	3,805,284	4,057,006	4,169,235	4,188,577	4,267,948	4,324,053	4,408,578	4,408,578	4,457,853	4,507,497	4,557,512
5	Industrial	565,901	546,404	601,266	542,035	565,942	553,807	623,272	623,272	623,272	623,272	623,272
6	Municipal & OPA	1,135,999	1,204,450	1,192,323	1,224,340	1,288,513	1,279,401	1,313,795	1,313,795	1,336,398	1,359,002	1,381,605
7	Sales For Resale	271,739	310,134	371,428	431,080	433,431	394,938	305,810	305,810	305,810	305,810	305,810
8	Miscellaneous	6,155	12,617	5,908	7,254	7,356	8,716	6,839	6,839	6,839	6,839	6,839
9	Fire Services	6,414	6,840	8,674	7,030	7,671	8,516	7,791	7,791	7,791	7,791	7,791
10	Total	11,666,070	12,124,626	12,502,123	12,587,432	12,876,126	12,954,893	13,277,021	13,277,021	13,398,275	13,519,897	13,641,889
11												
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential	123,090	124,036	124,975	126,021	126,901	127,543	137,606	137,606	138,618	139,631	140,644
16	Commercial	9,267	9,390	9,527	9,558	9,602	9,644	10,453	10,453	10,518	10,583	10,648
17	Industrial	26	26	27	27	28	28	42	42	42	42	42
18	Municipal & OPA	752	768	781	804	817	820	918	918	933	948	962
19	Sales For Resale	16	16	20	18	16	17	16	16	16	16	16
20	Miscellaneous	45	54	63	54	62	64	64	64	64	64	64
21	Fire Services	2,457	2,515	2,558	2,582	2,604	2,623	2,715	2,715	2,750	2,785	2,814
22	Total	135,654	136,806	137,950	139,065	140,030	140,738	151,814	151,814	152,941	154,068	155,190
23												
24												
25	End of Period:											
26	Residential	123,551	124,255	125,418	126,477	127,293	128,161	138,036	138,036	139,049	140,061	141,074
27	Commercial	9,290	9,399	9,544	9,544	9,594	9,705	10,451	10,451	10,516	10,581	10,646
28	Industrial	26	26	27	28	28	28	42	42	42	42	42
29	Municipal & OPA	753	770	786	816	814	827	923	923	938	952	967
30	Sales For Resale	15	17	20	17	16	16	16	16	16	16	16
31	Miscellaneous	45	61	61	59	65	64	64	64	64	64	64
32	Fire Services	2,487	2,537	2,583	2,591	2,619	2,637	2,734	2,734	2,769	2,804	2,831
33	Total	136,167	137,065	138,439	139,532	140,429	141,438	152,267	152,267	153,394	154,521	155,640
34												
35												
36												
37	Average Sales per Customer:											
38	Residential	48	48	49	49	50	50	48	48	48	48	48
39	Commercial	411	432	438	438	445	448	422	422	424	426	428
40	Industrial	21,765	21,016	22,548	19,770	20,212	19,779	14,840	14,840	14,840	14,840	14,840
41	Municipal & OPA	1,510	1,568	1,528	1,522	1,577	1,561	1,431	1,431	1,433	1,434	1,436
42	Sales For Resale	17,073	19,184	18,807	23,729	26,673	23,936	19,113	19,113	19,113	19,113	19,113
43	Miscellaneous	136	233	94	134	118	136	107	107	107	107	107
44	Fire Services	3	3	3	3	3	3	3	3	3	3	3
45												
46												
47	Note: Sales are stated in 1000 Gallons											

KENTUCKY AMERICAN WATER COMPANY
Case No. 2026-00094
REVENUE STATISTICS - TOTAL COMPANY
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)

Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37 - Schedule I- 5
KAWC 2026 Rate Case - Exhibit 37 (I-2),(I-3),(I-4),(I-5) Revenue Statistics
Witness Responsible: Charles Rea

Line No.	Description	2021	2022	2023	2024	2025	Base Period	Forecasted Period	2027	3 Projected Calendar Years 2028	2029	2030
1												
2	Sales by Customer Class:											
3	Residential											
4	Commercial											
5	Industrial											
6	Municipal & OPA											
7	Sales For Resale											
8	Miscellaneous											
9												
10	Total											
11			**ALL COMPANY OPERATIONS ARE JURISDICTIONAL**									
12												
13	Number of Customers:											
14	12-Month Average:											
15	Residential											
16	Commercial											
17	Industrial											
18	Municipal & OPA											
19	Sales For Resale											
20	Miscellaneous											
21												
22	Total											
23												
24												
25	End of Period:											
26	Residential											
27	Commercial											
28	Industrial											
29	Municipal & OPA											
30	Sales For Resale											
31	Miscellaneous											
32												
33	Total											
34												
35												
36												
37	Average Revenue per Customer:											
38	Residential											
39	Commercial											
40	Industrial											
41	Municipal & OPA											
42	Sales For Resale											
43	Miscellaneous											
44												
45												
46												
47	Note: Sales are stated in 1000 Gallons											

EXHIBIT 37
SCHEDULE J

COST OF CAPITAL SUMMARY FOR BASE PERIOD AND FORECASTED PERIOD

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
J-1	Cost of Capital Summary - 13 Month Average for Forecast Period
J-2	Cost of Capital Summary - End of Forecast Period and Base Period
J-3	Embedded Cost of Short-Term Debt
J-4	Embedded Cost of Long-Term Debt
J-5	Embedded Cost of Preferred Stock

For electronic version, see KAW_APP_EX37J_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Cost of Capital Summary
13-Month Average For Forecast Period Ending December 31, 2027

Data: ___ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule J-1
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-1
Witness Responsible: John Watkins
Page 1 of 1

Line No.	Class of Capital	Reference	13-Month Average Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	13-Month Average Weighted Cost
1								
2	Short-Term Debt	W/P - 7-3	$3,595,268	0.45%	$0	$3,595,268	3.320%	0.020%
3								
4	Long-Term Debt	W/P - 7-4	372,174,827	46.97%	1.10	372,174,828	4.844%	2.280%
5								
6	Preferred Stock	W/P - 7-5	2,246,360	0.28%	0	2,246,360	8.500%	0.020%
7								
8	Common Equity	W/P - 7-6	414,350,726	52.29%	1.22	414,350,727	10.750%	5.620%
9								
10	Total Capital		$792,367,182	100.00%	$2.34	$792,367,184		7.940%
11								
12								
13								
14								
15								
16	(1) JDITC:	W/P - 7-7	$2.34					

Kentucky American Water Company
Case No. 2026-00094
Cost of Capital Summary
As of December 31, 2027

Data: ___ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule J-2
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-2
Witness Responsible: John Watkins
Page 1 of 2

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-3, Page 1	$11,444,680	1.38%	$0	$11,444,680	3.300%	0.050%
3								
4	Long-Term Debt	J-4, Page 1	389,467,601	46.78%	1	389,467,602	4.870%	2.280%
5								
6	Preferred Stock	J-5, Page 1	2,246,523	0.27%	0	2,246,523	8.500%	0.020%
7								
8	Common Equity	W/P - 7-6	429,366,855	51.57%	1.34	429,366,856	10.750%	5.540%
9								
10	Total Capital		$832,525,659	100.00%	$2.34	$832,525,661		7.890%
11								
12								
13								
14								
15								
16	(1) JDITC	W/P - 7-7	$2					

Kentucky American Water Company
Case No. 2026-00094
Cost of Capital Summary
As of August 2026

Data: _X_ Base Period __ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule J-2
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-2
Witness Responsible: John Watkins
Page 2 of 2

Line No.	Class of Capital	Reference	Net Carrying Amount	% of Total	Add (1)	Adjusted Capital	Cost Rate	Terminal Weighted Cost
1								
2	Short-Term Debt	J-3, Page 1	$8,841,332	1.19%	$0	$8,841,332	3.652%	0.040%
3								
4	Long-Term Debt	J-4, Page 1	342,073,034	46.22%	1	342,073,035	4.800%	2.220%
5								
6	Preferred Stock	J-5, Page 1	2,246,041	0.30%	0	2,246,041	8.500%	0.030%
7								
8	Common Equity	W/P - 7-6	387,018,242	52.29%	1.34	387,018,244	10.750%	5.620%
9								
10	Total Capital		$740,178,649	100.00%	2.34	$740,178,651		7.910%
11								
12								
13								
14								
15								
16	(1) JDITC:	W/P - 7-7	$2					

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Short-Term Debt
As of December 31, 2027

Data: ___ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule J-3
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-3
Witness Responsible: John Watkins
Page 1 of 2

Line No.	Issue	Reference	Amount Outstanding	Interest Rate	Interest Requirement
1					
2					
3					
4	Promissory Note	W/P - 7-3	$11,444,680	3.300%	$377,709
5					
6					
7	Weighted Cost of Short-Term Debt		3.300%		

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Short-Term Debt
As of August 2026

Data: _X_ Base Period ___ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule J-3
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-3
Witness Responsible: John Watkins
Page 2 of 2

Line No.	Issue	Reference	Amount Outstanding	Interest Rate	Interest Requirement
1					
2					
3					
4	Promissory Note	W/P - 7-3	$8,841,332	3.652%	$322,868
5					
6					
7	Weighted Cost of Short-Term Debt		3.652%		

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Long-Term Debt
As of December 31, 2027

Data: ___ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s): W/P - 7-4

Exhibit 37, Schedule J-4
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-4
Witness Responsible: John Watkins
Page 1 of 2

Line No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
5	Series 7.15% GMB	02/01/97	02/01/27	$0	7.150%	0.000%	N/A	$0	$0	$235	$0	($0)	$0	$0
6	Series 6.99% GMB	06/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,247	0	1,399	0	8,998,601
7														
8	AWCC Inter-Company Notes:													
9														
10	Series 6.593% Note	10/22/07	10/15/37	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,573	0	163,663	0	46,836,337
11	Series 2.45% Note	11/14/19	10/01/29	45,390,000	2.450%	2.580%	N/A	1,171,062	45,390,000	58,809	0	103,407	0	45,286,593
12	Series 2.45% Note	11/14/19	10/01/29	26,000,000	2.450%	2.590%	N/A	673,400	26,000,000	36,353	0	63,921	0	25,936,079
13	Series 5.05% Note	11/21/11	10/15/37	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
14	Series 4.00% Note	05/15/13	10/15/37	7,859,000	4.000%	4.000%	N/A	314,360	7,859,000	0	0	0	0	7,859,000
15	Series 4.00% Note	11/17/16	12/01/46	5,000,000	4.000%	4.063%	N/A	203,150	5,000,000	3,132	26,198	33,072	0	4,940,731
16	Series 3.75% Note	09/13/17	09/01/47	5,000,000	3.750%	3.795%	N/A	189,750	5,000,000	2,243	10,056	34,052	0	4,955,891
17	Series 4.15% Note	05/22/19	06/01/49	16,000,000	4.150%	4.202%	N/A	672,320	16,000,000	8,374	60,487	118,926	0	15,820,587
18	Series 3.25% Note	05/24/21	06/01/51	13,000,000	3.250%	3.295%	N/A	428,350	13,000,000	5,856	29,076	108,080	0	12,862,844
19	Series 4.45% Note	05/18/22	06/01/32	10,000,000	4.450%	4.566%	N/A	456,600	10,000,000	11,570	13,901	37,225	0	9,948,874
20	Series 3.875% Note	09/01/23	09/01/28	26,000,000	3.875%	4.076%	N/A	1,059,760	26,000,000	52,266	0	34,990	0	25,965,010
21	Series 3.625% Note	09/15/23	06/15/26	0	3.625%	0.000%	N/A	0	0	0	0	0	0	0
22	Series 5.15% Note	05/15/24	03/01/34	14,000,000	5.150%	5.267%	N/A	737,380	14,000,000	16,350	27,465	73,404	0	13,899,132
23	Series 5.45% Note	05/15/24	03/01/54	14,000,000	5.450%	5.516%	N/A	772,240	14,000,000	9,237	110,648	131,071	0	13,758,281
24	Series 5.25% Note	03/15/25	03/01/35	10,000,000	5.250%	5.341%	N/A	534,100	10,000,000	9,065	27,553	63,207	25,768	9,935,007
25	Series 5.70% Note	09/15/25	09/01/55	19,000,000	5.700%	5.708%	N/A	1,084,520	19,000,000	1,538	95,971	190,304	243,709	18,957,434
26	Proposed 2026 Issuance (10-year)	05/15/26	05/01/36	25,000,000	5.203%	5.303%	N/A	1,325,750	25,000,000	25,000	0	209,375	0	24,790,625
27	Proposed 2026 Issuance (30-year)	05/15/26	05/01/56	25,000,000	5.945%	5.979%	N/A	1,494,750	25,000,000	8,333	0	236,458	0	24,763,542
28	Proposed 2026 Issuance (10-year)	09/15/26	09/01/36	7,500,000	5.203%	5.303%	N/A	397,725	7,500,000	7,500	0	65,313	0	7,434,688
29	Proposed 2026 Issuance (30-year)	09/15/26	09/01/56	7,500,000	5.945%	5.979%	N/A	448,425	7,500,000	2,500	0	71,771	0	7,428,229
30	Proposed 2027 Issuance (10-year)	03/15/27	03/01/37	10,000,000	5.297%	5.376%	N/A	537,600	10,000,000	7,917	0	92,083	0	9,907,917
31	Proposed 2027 Issuance (30-year)	03/15/27	03/01/57	10,000,000	5.950%	5.977%	N/A	597,700	10,000,000	2,639	0	97,361	0	9,902,639
32	Proposed 2027 Issuance (10-year)	09/15/27	09/01/37	10,000,000	5.297%	5.307%	N/A	530,700	10,000,000	972	0	99,028	0	9,900,972
33	Proposed 2027 Issuance (30-year)	09/15/27	09/01/57	10,000,000	5.950%	5.960%	N/A	596,000	10,000,000	972	0	99,028	0	9,900,972
34														
35	Carry Over Unamortized Debt Expense													
36	Redeemed - Carryover	N/A	N/A	0	0.000%	0.000%	N/A	0	0	45,636	0	522,385	0	(522,385)
37														
38														
39	Total Long-Term Debt and Annualized Cost			$392,249,000				$18,983,142	$392,249,000	$336,318	$401,356	$2,649,520	$269,478	$389,467,601
40														
41														
42	Annualized Cost Rate			4.870%										

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Long-Term Debt
As of August 2026

Data: _X_ Base Period ___ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s): W/P - 7-4

Exhibit 37, Schedule J-4
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-4
Witness Responsible: John Watkins
Page 2 of 2

Line No.	Debt Issue Type & Rate	Issue Date	Maturity Date	Amount Outstanding	Cost Rate at Issue	Cost Rate at Maturity	Bond Rating at Issue	Annualized Interest	Principal Amount	Annual Amort. of Issue Expense	Unamortized Discount	Unamortized Debt Expense	Unamortized Gain/Loss	Carrying Value
1														
2														
3	General Mortgage Bonds:													
4														
5	Series 7.15% GMB	02/01/97	02/01/27	$7,500,000	7.150%	7.182%	N/A	$538,650	$7,500,000	$2,414	$0	$1,040	$0	$7,498,960
6	Series 6.99% GMB	06/01/98	06/01/28	9,000,000	6.990%	7.026%	N/A	632,340	9,000,000	3,247	0	5,729	0	8,994,271
7														
8	AWCC Inter-Company Notes:													
9														
10	Series 6.593% Note	10/22/07	10/15/37	47,000,000	6.593%	6.628%	N/A	3,115,160	47,000,000	16,573	0	185,761	0	46,814,239
11	Series 2.45% Note	11/14/19	10/01/29	45,390,000	2.450%	2.580%	N/A	1,171,062	45,390,000	58,809	0	181,819	0	45,208,181
12	Series 2.45% Note	11/14/19	10/01/29	26,000,000	2.450%	2.590%	N/A	673,400	26,000,000	36,353	0	112,391	0	25,887,609
13	Series 5.05% Note	11/21/11	10/15/37	20,000,000	5.050%	5.050%	N/A	1,010,000	20,000,000	0	0	0	0	20,000,000
14	Series 4.00% Note	05/15/13	10/15/37	7,859,000	4.000%	4.000%	N/A	314,360	7,859,000	0	0	0	0	7,859,000
15	Series 4.00% Note	11/17/16	12/01/46	5,000,000	4.000%	4.063%	N/A	203,150	5,000,000	3,132	28,044	35,401	0	4,936,555
16	Series 3.75% Note	09/13/17	09/01/47	5,000,000	3.750%	3.795%	N/A	189,750	5,000,000	2,243	10,739	36,359	0	4,952,901
17	Series 4.15% Note	05/22/19	06/01/49	16,000,000	4.150%	4.202%	N/A	672,320	16,000,000	8,374	64,253	126,326	0	15,809,421
18	Series 3.25% Note	05/24/21	06/01/51	13,000,000	3.250%	3.295%	N/A	428,350	13,000,000	5,856	30,732	114,232	0	12,855,035
19	Series 4.45% Note	05/18/22	06/01/32	10,000,000	4.450%	4.566%	N/A	456,600	10,000,000	11,570	18,097	48,456	0	9,933,447
20	Series 3.875% Note	09/01/23	09/01/28	26,000,000	3.875%	4.076%	N/A	1,059,760	26,000,000	52,266	0	104,678	0	25,895,322
21	Series 3.625% Note	09/15/23	06/15/26	0	3.625%	0.000%	N/A	0	0	0	0	(0)	0	0
22	Series 5.15% Note	05/15/24	03/01/34	14,000,000	5.150%	5.267%	N/A	737,380	14,000,000	16,350	33,400	89,267	0	13,877,332
23	Series 5.45% Note	05/15/24	03/01/54	14,000,000	5.450%	5.516%	N/A	772,240	14,000,000	9,237	116,286	137,749	0	13,745,965
24	Series 5.25% Note	03/15/25	03/01/35	10,000,000	5.250%	5.341%	N/A	534,100	10,000,000	9,065	32,680	74,962	30,562	9,922,920
25	Series 5.70% Note	09/15/25	09/01/55	19,000,000	5.700%	5.708%	N/A	1,084,520	19,000,000	1,538	100,596	199,475	255,454	18,955,384
26	Proposed 2026 Issuance (10-year)	05/15/26	05/01/36	25,000,000	5.203%	5.303%	N/A	1,325,750	25,000,000	25,000	0	242,708	0	24,757,292
27	Proposed 2026 Issuance (30-year)	05/15/26	05/01/56	25,000,000	5.945%	5.979%	N/A	1,494,750	25,000,000	8,333	0	247,569	0	24,752,431
28														
29	Carry Over Unamortized Debt Expense													
30	Redeemed - Carryover	N/A	N/A	0	0.000%	0.000%	N/A	0	0	45,636	0	583,233	0	(583,233)
31														
32														
33	Total Long-Term Debt and Annualized Cost			$344,749,000				$16,413,642	$344,749,000	$315,996	$434,828	$2,527,155	$286,017	$342,073,034
34														
35														
36	Annualized Cost Rate			4.800%										

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Preferred Stock
As of December 31, 2027

Data: ___ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s): W/P - 7-5

Exhibit 37, Schedule J-5
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-5
Witness Responsible: John Watkins
Page 1 of 2

Line No.	Dividend Rate, Type & Par Value	Date Issued	Amount Outstanding	Premium or Discount	Unamortized Issue Expense	Gain or Loss on Reaquired Stock	Net Proceeds	Annual Amort. of Issue Expense	Cost Rate at Issue	Cost Rate at Maturity	Annualized Dividends
1											
2											
3											
4											
5	8.47% Series, $100 Par	01/24/92	$2,250,000	$0	$3,477	$0	$2,246,523	$386	8.470%	8.500%	$190,954
6											
7											
8											
9											
10	Total		$2,250,000	$0	$3,477	$0	$2,246,523	$386			$190,954
11											
12											
13	Annualized Cost Rate		8.500%								

Kentucky American Water Company
Case No. 2026-00094
Embedded Cost of Preferred Stock
As of August 2026

Data: _X_ Base Period ___ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised
Workpaper Reference No(s): W/P - 7-5

Exhibit 37, Schedule J-5
Capital Structure\[KAWC 2026 Rate Case - Capital Structure.xlsx]Sch J-5
Witness Responsible: John Watkins
Page 2 of 2

Line No.	Dividend Rate, Type & Par Value	Date Issued	Amount Outstanding	Premium or Discount	Unamortized Issue Expense	Gain or Loss on Reaquired Stock	Net Proceeds	Annual Amort. of Issue Expense	Cost Rate at Issue	Cost Rate at Maturity	Annualized Dividends
1											
2											
3											
4											
5	8.47% Series, $100 Par	01/24/92	$2,250,000	$0	$3,959	$0	$2,246,041	$386	8.470%	8.500%	$190,913
6											
7											
8											
9											
10	Total		$2,250,000	$0	$3,959	$0	$2,246,041	$386			$190,913
11											
12											
13	Annualized Cost Rate		8.500%								

EXHIBIT 37
SCHEDULE K

COMPARATIVE FINANCIAL DATA AND EARNING MEASURES FOR THE TEN MOST RECENT CALENDAR YEARS, BASE PERIOD AND FORECASTED PERIOD

KENTUCKY-AMERICAN WATER COMPANY

CASE NO. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
K	Comparative Financial Data

Please see attached. For electronic version, see KAW_APP_EX37K_051526.pdf

Kentucky American Water Company
Case No. 2026-00094
COMPARATIVE FINANCIAL DATA

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
DATE CERTAIN: FOR THE PERIODS INDICATED
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: N/A

Exhibit 37, Schedule K-1
Exhibits\[Exhibit 37 I-1 and K.xlsx]Sch K
Witness Responsible: John Watkins

Line No.	Description	Water Only 2016	Water Only 2017	Water Only 2018	Water Only 2019	Water Only 2020	Water Only 2021	Water Only 2022	Water Only 2023	Water Only 2024	Water Only 2025	Base Period	Forecasted Period
1													
2	Plant Data:												
3	Utility Plant in Service												
4	Intangible Plant	$819,584	$820,785	$1,302,312	$1,318,370	$1,402,679	$1,402,679	$1,226,112	$1,226,112	$1,226,112	$1,141,803	$2,951,874	$4,602,957
5	Source of Supply & Pumping Plant	86,521,607	92,882,347	96,225,360	97,303,075	99,506,782	101,194,385	102,706,570	103,450,992	107,632,465	112,120,126	119,295,598	123,397,040
6	Water Treatment Plant	98,441,245	95,808,909	98,365,502	116,866,467	129,949,266	129,943,666	129,908,291	133,176,174	137,014,599	145,538,343	146,177,376	161,720,064
7	Transmission & Distribution Plant	453,805,036	472,224,212	493,608,687	512,083,338	526,532,237	561,227,898	601,940,740	645,813,057	690,269,854	768,787,228	801,722,706	842,096,132
8	Sewer Plant	0	0	0	0	0	0	0	0	0	0	0	0
9	General Plant	50,407,630	54,410,562	55,939,113	60,166,311	62,031,634	66,773,874	65,961,883	65,093,875	68,913,146	72,500,551	74,989,439	82,944,798
10	Gross Plant	689,995,103	716,146,816	745,440,975	787,737,560	819,422,598	860,542,503	901,743,595	948,760,211	1,005,056,176	1,100,088,051	1,145,136,993	1,214,760,991
11													
12	Less: Accumulated Depreciation	131,081,285	143,948,248	157,187,613	170,774,000	174,920,211	192,174,657	203,192,644	213,919,611	228,846,192	246,902,251	266,012,430	282,456,312
13	Accumulated Amortization												
14													
15	Net Plant in Service	558,913,818	572,198,568	588,253,361	616,963,560	644,502,387	668,367,846	698,550,951	734,840,600	776,209,984	853,185,800	879,124,563	932,304,679
16													
17	Total CWIP	8,491,992	12,148,854	14,339,660	22,920,419	14,075,741	8,538,934	10,665,393	14,016,257	40,777,888	19,649,382	0	0
18													
19	Total Plant Data	$567,405,810	$584,347,422	$602,593,022	$639,883,979	$658,578,128	$676,906,779	$709,216,343	$748,856,857	$816,987,872	$872,835,182	$879,124,563	$932,304,679
20													
21													
22	% of Construction Financed Internally	55.9%	109.9%	-24.2%	-17.8%	69.4%	62.9%	78.1%	70.8%	62.4%	38.6%	38.6%	81.5%
23													
24													
25	Capital Structure:												
26	($'s Based on Period-End Accounts)												
27	Long-Term Debt	$200,707,569	$205,693,775	$205,695,672	$221,614,487	$221,619,209	$234,587,403	$211,563,729	$256,572,840	$284,417,797	$294,591,722	$342,073,034	$389,467,601
28	Preferred Stock	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,246,041	2,246,523
29	Common Equity	186,819,140	198,660,341	201,375,600	215,162,057	230,904,266	235,092,213	261,631,005	286,899,826	322,136,895	343,396,359	387,018,242	429,366,855
30													
31	Total Capital	$389,776,709	$406,604,115	$409,321,272	$439,026,544	$454,773,475	$471,929,616	$475,444,735	$545,722,666	$608,804,692	$640,238,081	$731,337,317	$821,080,979

Kentucky American Water Company
Case No. 2026-00094
COMPARATIVE FINANCIAL DATA

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
DATE CERTAIN: FOR THE PERIODS INDICATED
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: N/A

Exhibit 37, Schedule K-1
Exhibits\[Exhibit 37 I-1 and K.xlsx]Sch K
Witness Responsible: John Watkins

Line No.	Description	Water Only 2016	Water Only 2017	Water Only 2018	Water Only 2019	Water Only 2020	Water Only 2021	Water Only 2022	Water Only 2023	Water Only 2024	Water Only 2025	Base Period	Forecasted Period
1													
2	Condensed Income Statement Data:												
3	Operating Revenues	$94,865,125	$97,774,694	$92,187,454	$98,258,432	$100,101,037	$102,656,372	$109,364,940	$113,227,188	$124,445,071	$142,402,833	$152,943,165	$162,484,251
4	Operating Expenses												
5	(Excluding Income Taxes)	54,977,083	55,870,415	58,295,067	60,627,730	63,933,352	64,373,112	64,555,984	76,099,939	81,810,963	81,245,567	89,722,524	109,381,853
6	State Income Taxes - Current	1,130,667	1,129,876	108,376	(496,038)	939,552	642,025	79,754	(455,454)	(371,134)	954,033	348,863	(169,182)
7	Deferred SIT - Accelerated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
8	Deferred SIT - Other	558,118	562,400	(96,082)	997,947	386,174	778,476	1,292,066	1,538,218	1,941,085	1,055,016	2,035,224	1,979,627
9	Federal Income Taxes - Current	2,816,627	4,803,637	671,421	(1,418,355)	4,050,889	2,713,291	1,375,374	(1,769,938)	(1,047,917)	5,728,027	1,976,733	(102,316)
10	Deferred FIT - Accelerated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
11	Deferred FIT - Other	6,582,354	7,210,315	(1,765,962)	3,443,292	(76,850)	1,949,267	5,356,346	7,107,044	7,093,530	2,719,786	6,851,088	6,151,379
12	Deferred FIT - ITC	0	0	0	0	0	0	0	0	0	0	0	0
13	Amortization of ITC	(84,797)	(82,905)	(70,840)	(70,840)	(78,492)	(73,191)	(63,066)	0	0	0	0	0
14													
15	Operating Income	28,885,073	28,280,957	35,045,474	35,174,695	30,946,412	32,273,391	36,768,482	30,707,380	35,018,544	50,700,405	52,008,733	45,242,890
16													
17	AFUDC	1,550,345	863,609	1,104,713	1,867,974	1,751,465	659,895	562,012	625,771	1,188,648	813,189	0	0
18	Other Income (Deductions), Net	(125,987)	4,746,044	1,369,520	(49,169)	6,516	(199,332)	(170,927)	(74,002)	(6,871)	(144,423)	(119,700)	0
19													
20	Income Available for Fixed Charges	30,309,431	33,890,610	37,519,708	36,993,501	32,704,392	32,733,954	37,159,566	31,259,149	36,200,322	51,369,171	51,889,033	45,242,890
21	Interest Charges	12,009,017	12,296,467	12,558,909	13,165,897	10,551,432	9,745,375	10,431,344	11,544,511	12,840,753	14,038,634	15,310,835	18,050,271
22													
23	Net Income	18,300,414	21,594,143	24,960,799	23,827,604	22,152,961	22,988,580	26,728,222	19,714,638	23,359,569	37,330,538	36,578,198	27,192,619
24	Preferred Dividends	190,575	190,575	190,575	190,575	190,575	190,575	190,575	190,575	190,575	190,576	190,575	190,575
25													
26	Net Income to Common Equity	$18,109,839	$21,403,568	$24,770,224	$23,637,029	$21,962,386	$22,798,005	$26,537,647	$19,524,063	$23,168,994	$37,139,962	$36,387,623	$27,002,044
27													
28													
29	AFUDC as a Percent of Net Income	8.47%	4.00%	4.43%	7.84%	7.91%	2.87%	2.10%	3.17%	5.09%	2.18%	0.00%	0.00%
30													
31	AFUDC as a Percent to Earnings												
32	Available for Common Equity	8.56%	4.03%	4.46%	7.90%	7.97%	2.89%	2.12%	3.21%	5.13%	2.19%	0.00%	0.00%
33													
34	Cost of Capital:												
35	Embedded Cost of Long-Term Debt	6.06%	6.00%	6.13%	5.97%	4.80%	4.19%	4.97%	4.53%	4.50%	4.79%	4.80%	4.87%
36	Embedded Cost of Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.50%	8.50%
37													
38	Fixed Charge Coverages:												
39	Pre-Tax Interest Coverage	3.44	3.86	2.90	3.00	3.59	3.98	4.33	3.26	3.41	4.40	4.12	2.94
40	Pre-Tax Interest Coverage												
41	(Excluding AFUDC)	3.31	3.79	2.81	2.85	3.43	3.91	4.28	3.21	3.32	4.35	4.12	2.94
42	After-Tax Interest Coverage	2.52	2.76	2.99	2.81	3.10	3.36	3.56	2.71	2.82	3.66	3.39	2.51
43	After-Tax Fixed Charge Coverage	2.48	2.71	2.94	2.77	3.04	3.29	3.50	2.66	2.78	3.61	3.35	2.48
44													
45													
46	Data for forecast excludes the effect of any additional revenues approved by the commission in this proceeding.												

Kentucky American Water Company
Case No. 2026-00094
COMPARATIVE FINANCIAL DATA

DATA: _X_ BASE PERIOD _X_ FORECASTED PERIOD
DATE CERTAIN: FOR THE PERIODS INDICATED
TYPE OF FILING: _X_ ORIGINAL __ UPDATED __ REVISED
WORKPAPER REFERENCE NO(S).: N/A

Exhibit 37, Schedule K-1
Exhibits\[Exhibit 37 I-1 and K.xlsx]Sch K
Witness Responsible: John Watkins

Line No.	Description	Water Only 2016	Water Only 2017	Water Only 2018	Water Only 2019	Water Only 2020	Water Only 2021	Water Only 2022	Water Only 2023	Water Only 2024	Water Only 2025	Base Period	Forecasted Period
1													
2	Stock and Bond Ratings:												
3	Moody's Bond Rating												
4	S&P Bond Rating	**ALL BOND AND PREFERRED STOCK ISSUES ARE PRIVATELY PLACED AND THEREFORE, NOT RATED.**											
5	Moody's Preferred Stock Rating												
6	S&P Preferred Stock Rating												
7													
8													
9	Common Stock Related Data:												
10	Shares Outstanding - Year-End	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391
11	Shares Outstanding - Monthly Average	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391	1,567,391
12													
13	Earnings per Share - Weighted Average	$11.55	$13.66	$15.80	$15.08	$14.01	$14.55	$16.93	$12.46	$14.78	$23.70	$23.22	$17.23
14													
15	Dividends Paid per Share	$7.56	$7.20	$7.81	$9.21	$10.90	$10.08	$7.43	$8.16	$9.59	$8.16	$14.80	$10.34
16	Dividends Declared per Share	$7.56	$7.20	$7.81	$9.21	$10.90	$10.08	$7.43	$8.16	$9.59	$8.16	$14.80	$10.34
17	Dividend Payout Ratio (Declared Basis)	65.45%	52.71%	49.43%	61.07%	77.80%	69.28%	43.89%	65.47%	64.89%	34.42%	63.74%	60.01%
18													
19	Market Price - High/Low												
20	1st Quarter												
21	2nd Quarter	**NO MARKET PRICE IS AVAILABLE FOR KENTUCKY-AMERICAN WATER COMPANY. STOCK IS NOT PUBLICLY TRADED.**											
22	3rd Quarter												
23	4th Quarter												
24													
25	Book Value per Share (Year-End)	$119.19	$126.75	$128.48	$137.27	$147.32	$149.99	$166.92	$183.04	$205.52	$219.09	$246.92	$273.94
26													
27													
28	Rate of Return Measures:												
29	Return on Common Equity (Average)	10.12%	11.10%	12.38%	11.35%	9.85%	9.78%	10.69%	7.12%	7.61%	11.16%	10.26%	6.62%
30													
31	Return on Total Capital - (Average)	7.61%	7.10%	8.59%	8.29%	6.92%	6.97%	7.76%	6.01%	6.07%	8.12%	7.76%	5.83%
32													
33	Return on Net Plant in Service (Average)	5.45%	5.00%	6.04%	5.84%	4.91%	4.92%	5.38%	4.28%	4.63%	6.22%	6.28%	5.00%
34													
35													
36	Other Financial and Operating Data:												
37	Mix of Sales (Gas and Electric)	**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY**											
38													
39	Mix of Fuel (Gas and Electric)	**NOT APPLICABLE TO KENTUCKY-AMERICAN WATER COMPANY**											
40													
41	Composite Depreciation Rate	2.04%	1.90%	1.99%	2.04%	2.01%	2.08%	2.15%	2.14%	2.08%	2.00%	2.97%	3.21%
42													
43													
44	Return on net plant calculated by dividing utility operating income by average net plant.												

EXHIBIT 37
SCHEDULE L

NARRATIVE DESCRIPTION AND EXPLANATION OF ALL PROPOSED TARIFF CHANGES

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Base Period: For the 12 Months Ending August 31, 2026

Schedule	Description
L	Narrative Rationale for Tariff Changes

For electronic version, see KAW_APP_EX37L_051526.pdf.

Kentucky-American Water Company
Case No. 2026-00094
Narrative Description and Explanation of Proposed Tariff Changes
For the 12 Months Ending December 31, 2027

Data: _X_ Base Period _X_ Forecasted Period
Type of Filing: __X__ Original _____ Updated _____ Revised

Exhibit 37, Schedule L
Tariffs\[Exhibit 37 L.xlsx]Sch L
Witness Responsible: John Watkins

Line No.	Reference	Type of Rate or Regulation	Description
1			The Company is proposing to change its rates based on Mr. Charles Rea's Cost of Service Study rate design for all metered tariffs, plus public and private fire protection. Please see the testimony of Mr. John Watkins for a general discussion about the impact of the change in water service tariffs proposed by the testimony and exhibits of Mr. Charles Rea. Also see the Cost of Service Study prepared by Charles Rea attached to Exhibit 36. Additionally, the Company is proposing additions to its tariff to include a System Improvement Program ("SIP") surcharge that would apply to Residential, Commercial, Industrial, Other Public Authority, Sale for Resale, Public and Private Fire Service classifications for qualified infrastructure investments. This surcharge would be calculated annually based on forecasted qualified infrastructure costs and applied to each customer's monthly bill. Please see the testimony and exhibits of Mr. Jeffrey Newcomb for background and context for the Company proposing the SIP, policy support for authorizing the SIP, and mechanics of the SIP Rider. Please see the testimony and exhibits of Mr. John Magner for the need for a capital investment mechanism, proposed investments to be included in the mechanism, capital planning activities associated with these investments, and the benefits these investments and the proposed mechanism provide to customers. Finally, the Company is proposing revisions to more clearly articulate the Company's inspection authority, including its applicability to existing plumbing and fixtures, and to ensure that all plumbing connected to KAWC's system is in compliance with the Company's standards and revisions to clarify the timing and application of the advance payment requirement for private hydrant service.
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EXHIBIT 37
SCHEDULE M

REVENUE SUMMARY FOR BASE PERIOD AND FORECASTED PERIOD
WITH DETAILED BILLING ANALYSIS FOR ALL CUSTOMER CLASSES

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Forecasted Base Period: For the 12 Months Ended August 31, 2026

Schedule	Description
M-1	Revenue Summary
M-2	Revenues at Present and Proposed Rates
M-3	Bill Analysis for the Base Period and Forecasted Period

For electronic version, see KAW_APP_EX37M_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Revenue Summary
Base Year (12 Months Ending August 31, 2026) & Forecast Year (12 Months Ending December 31, 2027)

Exhibit 37, Schedule M-1
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Line No.	Description	Supporting Schedule Reference	Base Period 12 Months Ended 8/31/26	Adjustments for Present Rates	Forecast Year at Present Rates	Adjustments for Proposed Rates	Forecast Year at Proposed Rates
1							
2	**Sales of Water**						
3	Residential	Schedule M2-M3	$81,676,790	$3,763,970	$85,440,760	$14,115,881	$99,556,641
4	Commercial	Schedule M2-M3	42,544,875	951,331	43,496,206	8,093,093	51,589,299
5	Industrial	Schedule M2-M3	4,140,019	400,774	4,540,793	1,040,621	5,581,414
6	Other Public Authorities	Schedule M2-M3	11,728,432	368,080	12,096,512	60	12,096,572
7	Sale for Resale	Schedule M2-M3	3,029,879	(856,390)	2,173,489	106,870	2,280,359
8	Private Fire	Schedule M2-M3	5,114,575	86,315	5,200,891	37,791	5,238,682
9	Public Fire	Schedule M2-M3	6,970,875	(42,228)	6,928,647	(5,826,544)	1,102,103
10	Miscellaneous	Schedule M2-M3	166,839	(11,047)	155,792	4,884	160,675
11							
12	**Total Sales of Water**		$155,372,284	$4,660,805	$160,033,089	$17,572,656	$177,605,745
13		.					
14							
15	**Other Operating Revenues**						
16							
17	Late Payment Fee	Schedule M2-M3	$940,658	$86,579	$1,027,237	$111,802	$1,139,039
18	Rent	Schedule M2-M3	124,648	(2,827)	121,821	0	121,821
19	Rent I/C	Schedule M2-M3	39,386	0	39,386	0	39,386
20	CFO Miscellaneous	Schedule M2-M3	1,411	0	1,411	0	1,411
21	NSF Check Charge	Schedule M2-M3	46,316	(5,264)	41,052	0	41,052
22	Application/Initiation Fee	Schedule M2-M3	652,612	(10,911)	641,701	0	641,701
23	Usage Data	Schedule M2-M3	61,984	(162)	61,822	0	61,822
24	Reconnect Fee	Schedule M2-M3	532,441	(15,710)	516,731	0	516,731
25	Miscellaneous Service	Schedule M2-M3	112	(112)	0	0	0
26							
27	**Total Other Operating Revenues**		$2,399,569	$51,593	$2,451,162	$111,802	$2,562,964
28							
29							
30	**Total Operating Revenues**		$157,771,853	$4,712,398	$162,484,251	$17,684,458	$180,168,709
31							

Kentucky American Water Company
Case No. 2026-00094
Revenue Summary
Summary of Adjustments for Operating Revenues at Present Rates

Exhibit 37, Schedule M-1
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Line Number	Adjustments	Schedule Reference	Residential	Commercial	Industrial	Other Public Authorities	Sale for Resale
1							
2	Customer Growth/(Loss)	Schedule M2-M3	$2,214,895	$402,984	$27,378	$123,926	($3,594)
3	Change in Consumption	Schedule M2-M3	1,549,075	548,346	373,396	244,154	(852,796)
4							
5							
6							
7	Total		$3,763,970	$951,331	$400,774	$368,080	($856,390)
8							
9							
10							

Line Number	Adjustments	Schedule Reference	Private Fire	Public Fire	Miscellaneous	Other Water Revenue	Total
11							
12							
13							
14							
15	Customer Growth/(Loss)	Schedule M2-M3	$92,118	($42,228)	($559)		$2,814,921
16	Change in Consumption	Schedule M2-M3	(5,802)		(10,488)		1,845,884
17							
18							
19							
20	Total		$86,315	($42,228)	($11,047)	$0	$4,660,805

Kentucky American Water Company
Case No. 2026-00094
Revenue Summary
Summary of Adjustments for Operating Revenues at Present Rates

Exhibit 37, Schedule M-1
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Line Number	Adjustments	Schedule Reference	Late Payment Fee	Rent	Rent I/C	CFO Miscellaneous	NSF Check Charge
1							
2	To Adjust for the Forecast Period	Schedule M2-M3	$86,579	($2,827)	$0	$0	($5,264)
3							
4							
5							
6							
7	Total		$86,579	($2,827)	$0	$0	($5,264)
8							
9							
10							

Line Number	Adjustments	Schedule Reference	Application/ Initiation Fee	Usage Data	Reconnect Fee	Miscellaneous Service	Total
11							
12							
13							
14							
15	To Adjust for the Forecast Period	Schedule M2-M3	($10,911)	($162)	($15,710)	($112)	$51,593
16							
17							
18							
19							
20	Total		($10,911)	($162)	($15,710)	($112)	$51,593

Kentucky American Water Company
Case No. 2026-00094
Revenue Summary
Summary of Adjustments for Operating Revenues for Forecast Year at Proposed Rates

Exhibit 37, Schedule M-1
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Line Number	Adjustments	Schedule Reference	Residential	Commercial	Industrial	Other Public Authorities	Sale for Resale
1							
2	Proposed Rates	Schedule M2-M3	$14,115,881	$8,093,093	$1,040,621	$60	$106,870
3							
4							
5							
6							
7	Total		$14,115,881	$8,093,093	$1,040,621	$60	$106,870
8							
9							
10							

Line Number			Private Fire	Public Fire	Miscellaneous	Other Water Revenue	Total
11							
12							
13							
14							
15	Proposed Rates	Schedule M2-M3	$37,791	($5,826,544)	$4,884		$17,572,656
16							
17							
18							
19							
20	Total		$37,791	($5,826,544)	$4,884	$0	$17,572,656

Kentucky American Water Company
Case No. 2026-00094
Revenue Summary
Summary of Adjustments for Operating Revenues for Forecast Year at Proposed Rates

Exhibit 37, Schedule M-1
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Line Number	Adjustments	Schedule Reference	Late Payment Fee	Rent	Rent I/C	CFO Miscellaneous	NSF Check Charge
1							
2	To Adjust Revenues at Proposed Rates	Schedule M2-M3	$111,802				
3							
4							
5							
6							
7	Total		$111,802	$0	$0	$0	$0
8							
9							
10							

Line Number	Adjustments	Schedule Reference	Application/ Initiation Fee	Usage Data	Reconnect Fee	Miscellaneous Service	Total
11							
12							
13							
14							
15	To Adjust Revenues at Proposed Rates	Schedule M2-M3					$111,802
16							
17							
18							
19							
20	Total		$0	$0	$0	$0	$111,802

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
ALL CUSTOMERS

Exhibit 37, Schedule M-2
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates		Base Period at Proposed Rates		Test Year at Present Rates		Test Year at Proposed Rates			
Line #	Class/ Description	Sales (000 Gal)	Total Revenue	Sales (000 Gal)	Total Revenue	Sales (000 Gal)	Total Revenue	Sales (000 Gal)	Total Revenue	Dollar Change	% Change
1	**Monthly Billing:**										
2											
3	Residential	6,385,463	$81,676,790	6,385,463	$94,684,709	6,610,936	$85,440,760	6,610,936	$99,556,641	$14,115,881	16.52%
4	Commercial	4,324,053	42,544,875	4,324,053	50,258,743	4,408,578	43,496,206	4,408,578	51,589,299	8,093,093	18.61%
5	Industrial	553,807	4,140,019	553,807	4,952,363	623,272	4,540,793	623,272	5,581,414	1,040,621	22.92%
6	Municipal & OPA	1,279,401	11,728,432	1,279,401	11,672,551	1,313,795	12,096,512	1,313,795	12,096,572	60	0.00%
7	Sales For Resale	394,938	3,029,879	394,938	3,183,150	305,810	2,173,489	305,810	2,280,359	106,870	4.92%
8	Private Fire Service	8,516	5,114,575	8,516	5,132,839	7,791	5,200,891	7,791	5,238,682	37,791	0.73%
9	Public Fire Service	0	6,970,875	0	1,071,656	0	6,928,647	0	1,102,103	(5,826,544)	-84.09%
10	Miscellaneous	8,716	166,839	8,716	170,178	6,839	155,792	6,839	160,675	4,884	3.13%
11											
12	Total	12,954,893	$155,372,284	12,954,893	$171,126,189	13,277,021	$160,033,089	13,277,021	$177,605,745	$17,572,656	10.98%
13											
14	**Miscellaneous Revenues:**										
15	Late Payment Fee		$940,658		$1,098,443		$1,027,237		$1,139,039	$111,802	10.88%
16	Rent		124,648		124,648		121,821		121,821	0	0.00%
17	Rent I/C		39,386		39,386		39,386		39,386	0	0.00%
18	CFO Miscellaneous		1,411		1,411		1,411		1,411	0	0.00%
19	NSF Check Charge		46,316		46,316		41,052		41,052	0	0.00%
20	Application/Initiation Fee		652,612		652,612		641,701		641,701	0	0.00%
21	Usage Data		61,984		61,984		61,822		61,822	0	0.00%
22	Reconnect Fee		532,441		532,441		516,731		516,731	0	0.00%
23	Miscellaneous Service		112		112		0		0	0	0.00%
24											
25											
26											
27	Total Other Revenue		$2,399,569		$2,557,353		$2,451,162		$2,562,964	$111,802	4.56%
28											
29	Total Revenue		$157,771,853		$173,683,542		$162,484,251		$180,168,709	$17,684,458	10.88%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
RESIDENTIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**RESIDENTIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	1,501,396		$19.89	$29,862,773	1,501,396		$21.70	$32,580,300	1,519,436		$19.89	$30,221,589	1,519,436		$21.70	$32,971,768	$2,750,179	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	25,819		49.45	1,276,760	25,819		53.90	1,391,656	25,632		49.45	1,267,502	25,632		53.90	1,381,565	114,063	9.00%
6	1-1/2" Monthly	230		98.95	22,766	230		108.00	24,849	228		98.95	22,561	228		108.00	24,624	2,063	9.15%
7	2" Monthly	1,592		158.40	252,189	1,592		172.80	275,115	1,584		158.40	250,906	1,584		172.80	273,715	22,810	9.09%
8	3" Monthly	0		296.85	0	0		323.90	0	0		296.85	0	0		323.90	0	0	0.00%
9	4" Monthly	0		494.85	0	0		539.90	0	0		494.85	0	0		539.90	0	0	0.00%
10	6" Monthly	18		989.40	17,809	18		1,079.40	19,429	12		989.40	11,873	12		1,079.40	12,953	1,080	9.10%
11	8" Monthly	12		1,583.05	18,997	12		1,727.10	20,725	12		1,583.05	18,997	12		1,727.10	20,725	1,729	9.10%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	All Usage		6,385,463	$7.8656	$50,225,496		6,385,463	$9.4547	$60,372,635		6,291,610	$7.8656	$49,487,288		6,291,610	$9.4547	$59,485,285	$9,997,997	20.20%
20																			
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		6,385,463		$81,676,790		6,385,463		$94,684,709		6,291,610		$81,280,714		6,291,610		$94,170,635	$12,889,921	15.86%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
COMMERCIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**COMMERCIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	57,522		$19.89	$1,144,120	57,522		$21.70	$1,248,236	58,209		$19.89	$1,157,778	58,209		$21.70	$1,263,137	$105,358	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	30,515		49.45	1,508,987	30,515		53.90	1,644,781	30,755		49.45	1,520,838	30,755		53.90	1,657,698	136,860	9.00%
6	1-1/2" Monthly	2,299		98.95	227,468	2,299		108.00	248,272	2,322		98.95	229,792	2,322		108.00	250,809	21,017	9.15%
7	2" Monthly	26,163		158.40	4,144,206	26,163		172.80	4,520,953	26,589		158.40	4,211,682	26,589		172.80	4,594,562	382,880	9.09%
8	3" Monthly	24		296.85	7,124	24		323.90	7,774	24		296.85	7,124	24		323.90	7,774	649	9.11%
9	4" Monthly	445		494.85	220,258	445		539.90	240,309	444		494.85	219,713	444		539.90	239,716	20,002	9.10%
10	6" Monthly	195		989.40	192,626	195		1,079.40	210,148	204		989.40	201,838	204		1,079.40	220,198	18,360	9.10%
11	8" Monthly	303		1,583.05	479,126	303		1,727.10	522,724	312		1,583.05	493,912	312		1,727.10	538,855	44,944	9.10%
12																			
13																			
14																			
15																			
16	Volumetric Charges:																		
17	All Usage		4,324,053	$8.0066	$34,620,959		4,324,053	$9.6242	$41,615,546		4,314,940	$8.0066	$34,547,999		4,314,940	$9.6242	$41,527,845	$6,979,847	20.20%
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25	Total		4,324,053		$42,544,875		4,324,053		$50,258,743		4,314,940		$42,590,676		4,314,940		$50,300,593	$7,709,917	18.10%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
INDUSTRIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**INDUSTRIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	47		$19.89	$935	47		$21.70	$1,020	48		$19.89	$955	48		$21.70	$1,042	$87	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	48		49.45	2,374	48		53.90	2,587	48		49.45	2,374	48		53.90	2,587	214	9.00%
6	1-1/2" Monthly	12		98.95	1,187	12		108.00	1,296	12		98.95	1,187	12		108.00	1,296	109	9.15%
7	2" Monthly	288		158.40	45,619	288		172.80	49,766	288		158.40	45,619	288		172.80	49,766	4,147	9.09%
8	3" Monthly	0		296.85	0	0		323.90	0	0		296.85	0	0		323.90	0	0	0.00%
9	4" Monthly	120		494.85	59,382	120		539.90	64,788	120		494.85	59,382	120		539.90	64,788	5,406	9.10%
10	6" Monthly	108		989.40	106,855	108		1,079.40	116,575	108		989.40	106,855	108		1,079.40	116,575	9,720	9.10%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16	Volumetric Charges:																		
17	All Usage		553,807	$7.0849	$3,923,667		553,807	$8.5162	$4,716,331		568,192	$7.0849	$4,025,582		568,192	$8.5162	$4,838,835	$813,253	20.20%
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25	Total		553,807		$4,140,019		553,807		$4,952,363		568,192		$4,241,954		568,192		$5,074,889	$832,935	19.64%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	2,120		$19.89	$42,175	2,120		$21.70	$46,013	2,167		$19.89	$43,103	2,167		$21.70	$47,026	$3,922	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	2,235		49.45	110,525	2,235		53.90	120,471	2,303		49.45	113,892	2,303		53.90	124,141	10,249	9.00%
6	1-1/2" Monthly	339		98.95	33,589	339		108.00	36,661	345		98.95	34,114	345		108.00	37,234	3,120	9.15%
7	2" Monthly	4,946		158.40	783,485	4,946		172.80	854,711	5,148		158.40	815,442	5,148		172.80	889,573	74,131	9.09%
8	3" Monthly	12		296.85	3,562	12		323.90	3,887	12		296.85	3,562	12		323.90	3,887	325	9.11%
9	4" Monthly	475		494.85	234,871	475		539.90	256,253	468		494.85	231,590	468		539.90	252,673	21,083	9.10%
10	6" Monthly	160		989.40	158,304	160		1,079.40	172,704	156		989.40	154,346	156		1,079.40	168,386	14,040	9.10%
11	8" Monthly	52		1,583.05	82,319	52		1,727.10	89,809	60		1,583.05	94,983	60		1,727.10	103,626	8,643	9.10%
12																			
13																			
14																			
15																			
16	Volumetric Charges:																		
17	All Usage		1,279,401	$8.0347	$10,279,603		1,279,401	$7.8881	$10,092,043		1,291,857	$8.0347	$10,379,683		1,291,857	$7.8881	$10,190,297	($189,386)	-1.82%
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25	Total		1,279,401		$11,728,432		1,279,401		$11,672,551		1,291,857		$11,870,715		1,291,857		$11,816,843	($53,873)	-0.45%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
SALES FOR RESALE

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**SALES FOR RESALE**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$19.89	$0	0		$21.70	$0	0		$19.89	$0	0		$21.70	$0	$0	0.00%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	0		49.45	0	0		53.90	0	0		49.45	0	0		53.90	0	0	0.00%
6	1-1/2" Monthly	12		98.95	1,187	12		108.00	1,296	12		98.95	1,187	12		108.00	1,296	109	9.15%
7	2" Monthly	56		158.40	8,870	56		172.80	9,677	48		158.40	7,603	48		172.80	8,294	691	9.09%
8	3" Monthly	12		296.85	3,562	12		323.90	3,887	12		296.85	3,562	12		323.90	3,887	325	9.11%
9	4" Monthly	81		494.85	40,083	81		539.90	43,732	72		494.85	35,629	72		539.90	38,873	3,244	9.10%
10	6" Monthly	46		989.40	45,364	46		1,079.40	49,490	48		989.40	47,491	48		1,079.40	51,811	4,320	9.10%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14	Volumetric Charges:																		
15	All SA1 Usage		337,047	$8.3091	$2,800,557		337,047	$8.7371	$2,944,814		229,398	$8.3091	$1,906,089		229,398	$8.7371	$2,004,271	$98,182	5.15%
16																			
17																			
18																			
19																			
20																			
21	Special SFR Contract		57,891	$2.2500	$130,255		57,891	$2.2500	$130,255		76,412	$2.2500	$171,927		76,412	$2.2500	$171,927	$0	0.00%
22																			
23																			
24																			
25	Total		394,938		$3,029,879		394,938		$3,183,150		305,810		$2,173,489		305,810		$2,280,359	$106,870	4.92%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
MISCELLANEOUS CLASS (BULK SALES THROUGH LOADING STATIONS)

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**MISCELLANEOUS CLASS (BULK SALES THROUGH LOADING STATIONS)**																		
2	Minimum Charge:																		
3	5/8" Monthly	179		$19.89	$3,564	179		$21.70	$3,888	180		$19.89	$3,580	180		$21.70	$3,906	$326	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	214		49.45	10,604	214		53.90	11,558	216		49.45	10,681	216		53.90	11,642	961	9.00%
6	1-1/2" Monthly	0		98.95	0	0		108.00	0	0		98.95	0	0		108.00	0	0	0.00%
7	2" Monthly	0		158.40	0	0		172.80	0	0		158.40	0	0		172.80	0	0	0.00%
8	3" Monthly	350		296.85	103,957	350		323.90	113,430	348		296.85	103,304	348		323.90	112,717	9,413	9.11%
9	4" Monthly	0		494.85	0	0		539.90	0	0		494.85	0	0		539.90	0	0	0.00%
10	6" Monthly	0		989.40	0	0		1,079.40	0	0		989.40	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16	Volumetric Charges:																		
17	All Usage		8,716	$5.5892	$48,715		8,716	$4.7387	$41,302		6,839	$5.5892	$38,227		6,839	$4.7387	$32,410	($5,817)	-15.22%
18																			
19																			
20																			
21																			
22																			
23																			
24																			
25	Total		8,716		$166,839		8,716		$170,178		6,839		$155,792		6,839		$160,675	$4,884	3.13%

Kentucky American Water Company
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
FIRE SERVICES

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates			Base Period at Proposed Rates			Test Year at Present Rates			Test Year at Proposed Rates				
Line #	Connection Size	Number of Connections	Current Rate	Total Revenue	Number of Connections	Proposed Rate	Total Revenue	Number of Connections	Current Rate	Total Revenue	Number of Connections	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**Private Fire Service:**														
2	Hydrant	16,915	$120.00	$2,029,827	16,915	$120.00	$2,029,827	17,188	$120.00	$2,062,520	17,188	$120.00	$2,062,520	$0	0.00%
3	2"	829	14.00	11,606	829	$14.00	11,606	809	14.00	11,321	809	14.00	11,321	0	0.00%
4	4"	6,267	56.00	350,975	6,267	$56.00	350,975	6,429	56.00	360,005	6,429	56.00	360,005	0	0.00%
5	6"	12,164	125.55	1,527,144	12,164	$125.55	1,527,144	12,250	125.55	1,537,946	12,250	125.55	1,537,946	0	0.00%
6	8"	4,335	223.00	966,625	4,335	$223.00	966,625	4,408	223.00	983,058	4,408	223.00	983,058	0	0.00%
7	10"	180	348.25	62,685	180	$348.25	62,685	180	348.25	62,685	180	348.25	62,685	0	0.00%
8	12"	72	521.25	37,504	72	$521.25	37,504	72	521.25	37,530	72	521.25	37,530	0	0.00%
9	14"	0	502.00	0	0	$502.00	0	0	502.00	0	0	502.00	0	0	0.00%
10	16"	12	891.50	10,698	12	$891.50	10,698	12	891.50	10,698	12	891.50	10,698	0	0.00%
11															
12	5/8" Monthly	2,450	$19.89	$48,733	2,450	$21.70	$53,167	2,350	$19.89	$46,742	2,350	$21.70	$50,995	$4,254	9.10%
13	1" Monthly	12	49.45	593	12	53.90	647	12	49.45	593	12	53.90	647	53	9.00%
14	8" Monthly	0	1,583.05	0	0	1,727.10	0	0	1,583.05	0	0	1,727.10	0	0	0.00%
15															
16	Total	43,236		$5,046,390	43,236		$5,050,878	43,709		$5,113,099	43,709		$5,117,405	$4,307	0.08%
17															
18	Volumetric Charges:														
19	All Usage	8,516	$8.0066	$68,186	8,516	$9.6242	$81,962	7,791	$8.0066	$62,383	7,791	$9.6242	$74,987	$12,604	20.20%
20															
21															
22															
23	**Total Private Fire**			**$5,114,575**			**$5,132,839**			**$5,175,482**			**$5,192,392**	**$16,910**	**0.33%**
24															
25															
26	**Public Fire Protection:**														
27	Public Fire Hydrants	92,945	$75.00	$6,970,875	92,945	$11.53	$1,071,656	91,878	$75.00	$6,890,825	91,878	$11.53	$1,059,350	($5,831,476)	-84.63%
28															
29		92,945		$6,970,875	92,945		$1,071,656	91,878		$6,890,825	91,878		$1,059,350	($5,831,476)	-84.63%
30															
31															
32															
33	**Total Public Fire**			**$6,970,875**			**$1,071,656**			**$6,890,825**			**$1,059,350**	**($5,831,476)**	**-84.63%**
34															
35	**Total Fire Services**			**$12,085,450**			**$6,204,495**			**$12,066,307**			**$6,251,742**	**($5,814,565)**	**-48.19%**

Livingston
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
RESIDENTIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**RESIDENTIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$29.74	$0	0		$21.70	$0	1,776		$29.74	$52,818	1,776		$21.70	$38,539	($14,279)	-27.03%
4	3/4" Monthly	0		29.74	0	0		32.50	0	0		29.74	0	0		32.50	0	0	0.00%
5	1" Monthly	0		29.74	0	0		53.90	0	36		29.74	1,071	36		53.90	1,940	869	81.20%
6	1-1/2" Monthly	0		29.74	0	0		108.00	0	0		29.74	0	0		108.00	0	0	0.00%
7	2" Monthly	0		29.74	0	0		172.80	0	0		29.74	0	0		172.80	0	0	0.00%
8	3" Monthly	0		29.74	0	0		323.90	0	0		29.74	0	0		323.90	0	0	0.00%
9	4" Monthly	0		29.74	0	0		539.90	0	0		29.74	0	0		539.90	0	0	0.00%
10	6" Monthly	0		29.74	0	0		1,079.40	0	0		29.74	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		29.74	0	0		1,727.10	0	0		29.74	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-2,000 Gallons		0	$0.0000	$0		0	$9.4547	$0		3,624	$0.0000	$0		3,624	$9.4547	$34,264	$34,264	0.00%
20	Over 2,000 Gallons		0	11.1100	0		0	9.4547	0		3,746	11.1100	41,616		3,746	9.4547	35,416	(6,200)	-14.90%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		7,370		$95,505		7,370		$110,158	$14,654	15.34%

Livingston
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
COMMERCIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**COMMERCIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$29.74	$0	0		$21.70	$0	72		$29.74	$2,141	72		$21.70	$1,562	($579)	-27.05%
4	3/4" Monthly	0		29.74	0	0		32.50	0	0		29.74	0	0		32.50	0	0	0.00%
5	1" Monthly	0		29.74	0	0		53.90	0	36		29.74	1,071	36		53.90	1,940	869	81.20%
6	1-1/2" Monthly	0		29.74	0	0		108.00	0	0		29.74	0	0		108.00	0	0	0.00%
7	2" Monthly	0		29.74	0	0		172.80	0	24		29.74	714	24		172.80	4,147	3,433	481.04%
8	3" Monthly	0		29.74	0	0		323.90	0	0		29.74	0	0		323.90	0	0	0.00%
9	4" Monthly	0		29.74	0	0		539.90	0	0		29.74	0	0		539.90	0	0	0.00%
10	6" Monthly	0		29.74	0	0		1,079.40	0	0		29.74	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		29.74	0	0		1,727.10	0	0		29.74	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-2,000 Gallons		0	$0.0000	$0		0	$9.6242	$0		264	$0.0000	$0		264	$9.6242	$2,541	$2,541	0.00%
20	Over 2,000 Gallons		0	11.1100	0		0	9.6242	0		4,613	11.1100	51,247		4,613	9.6242	44,393	(6,854)	-13.37%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		4,877		$55,172		4,877		$54,583	($589)	-1.07%

Black Mountain
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
RESIDENTIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**RESIDENTIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$19.89	$0	0		$21.70	$0	39,204		$19.89	$779,768	39,204		$21.70	$850,727	$70,959	9.10%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	0		49.45	0	0		53.90	0	660		49.45	32,637	660		53.90	35,574	2,937	9.00%
6	1-1/2" Monthly	0		98.95	0	0		108.00	0	0		98.95	0	0		108.00	0	0	0.00%
7	2" Monthly	0		158.40	0	0		172.80	0	36		158.40	5,702	36		172.80	6,221	518	9.09%
8	3" Monthly	0		296.85	0	0		323.90	0	0		296.85	0	0		323.90	0	0	0.00%
9	4" Monthly	0		494.85	0	0		539.90	0	0		494.85	0	0		539.90	0	0	0.00%
10	6" Monthly	0		989.40	0	0		1,079.40	0	0		989.40	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	All Usage		0	$7.8656	$0		0	$9.4547	$0		106,082	$7.8656	$834,398		106,082	$9.4547	$1,002,973	$168,575	20.20%
20																			
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		106,082		$1,652,505		106,082		$1,895,494	$242,990	14.70%

Black Mountain
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
COMMERCIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**COMMERCIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$19.89	$0	0		$21.70	$0	348		$19.89	$6,922	348		$21.70	$7,552	$630	9.11%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	0		49.45	0	0		53.90	0	180		49.45	8,901	180		53.90	9,702	801	9.00%
6	1-1/2" Monthly	0		98.95	0	0		108.00	0	12		98.95	1,187	12		108.00	1,296	109	9.15%
7	2" Monthly	0		158.40	0	0		172.80	0	156		158.40	24,710	156		172.80	26,957	2,246	9.09%
8	3" Monthly	0		296.85	0	0		323.90	0	0		296.85	0	0		323.90	0	0	0.00%
9	4" Monthly	0		494.85	0	0		539.90	0	0		494.85	0	0		539.90	0	0	0.00%
10	6" Monthly	0		989.40	0	0		1,079.40	0	0		989.40	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	All Usage		0	$8.0066	$0		0	$9.6242	$0		7,089	$8.0066	$56,763		7,089	$9.6242	$68,230	$11,468	20.20%
20																			
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		7,089		$98,483		7,089		$113,737	$15,254	15.49%

Black Mountain
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$19.89	$0	0		$21.70	$0	36		$19.89	$716	36		$21.70	$781	$65	9.07%
4	3/4" Monthly	0		29.75	0	0		32.50	0	0		29.75	0	0		32.50	0	0	0.00%
5	1" Monthly	0		49.45	0	0		53.90	0	36		49.45	1,780	36		53.90	1,940	160	8.98%
6	1-1/2" Monthly	0		98.95	0	0		108.00	0	12		98.95	1,187	12		108.00	1,296	109	9.15%
7	2" Monthly	0		158.40	0	0		172.80	0	96		158.40	15,206	96		172.80	16,589	1,382	9.09%
8	3" Monthly	0		296.85	0	0		323.90	0	0		296.85	0	0		323.90	0	0	0.00%
9	4" Monthly	0		494.85	0	0		539.90	0	12		494.85	5,938	12		539.90	6,479	541	9.10%
10	6" Monthly	0		989.40	0	0		1,079.40	0	0		989.40	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		1,583.05	0	0		1,727.10	0	0		1,583.05	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	All Usage		0	$8.0347	$0		0	$7.8881	$0		5,205	$8.0347	$41,817		5,205	$7.8881	$41,054	($763)	-1.82%
20																			
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		5,205		$66,646		5,205		$68,139	$1,493	2.24%

Middlesboro & Clinton
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
RESIDENTIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**RESIDENTIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$15.78	$0	0		$21.70	$0	56,940		$15.78	$898,513	56,940		$21.70	$1,235,598	$337,085	37.52%
4	3/4" Monthly	0		15.78	0	0		32.50	0	5,352		15.78	84,455	5,352		32.50	173,940	89,485	105.96%
5	1" Monthly	0		39.45	0	0		53.90	0	312		39.45	12,308	312		53.90	16,817	4,509	36.63%
6	1-1/2" Monthly	0		78.89	0	0		108.00	0	12		78.89	947	12		108.00	1,296	349	36.90%
7	2" Monthly	0		126.22	0	0		172.80	0	36		126.22	4,544	36		172.80	6,221	1,677	36.90%
8	3" Monthly	0		236.66	0	0		323.90	0	0		236.66	0	0		323.90	0	0	0.00%
9	4" Monthly	0		394.44	0	0		539.90	0	0		394.44	0	0		539.90	0	0	0.00%
10	6" Monthly	0		788.87	0	0		1,079.40	0	0		788.87	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		0.00	0	0		1,727.10	0	0		0.00	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-100,000 Gallons		0	$6.8550	$0		0	$9.4547	$0		205,874	$6.8550	$1,411,270		205,874	$9.4547	$1,946,481	$535,212	37.92%
20	Over 100,000 Gallons		0	4.7300	0		0	9.4547	0		0	4.7300	0		0	9.4547	0	0	0.00%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		205,874		$2,412,036		205,874		$3,380,353	$968,317	40.15%

Middlesboro & Clinton
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
COMMERCIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**COMMERCIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$15.78	$0	0		$21.70	$0	5,520		$15.78	$87,106	5,520		$21.70	$119,784	$32,678	37.52%
4	3/4" Monthly	0		15.78	0	0		32.50	0	672		15.78	10,604	672		32.50	21,840	11,236	105.96%
5	1" Monthly	0		39.45	0	0		53.90	0	864		39.45	34,085	864		53.90	46,570	12,485	36.63%
6	1-1/2" Monthly	0		78.89	0	0		108.00	0	276		78.89	21,774	276		108.00	29,808	8,034	36.90%
7	2" Monthly	0		126.22	0	0		172.80	0	396		126.22	49,983	396		172.80	68,429	18,446	36.90%
8	3" Monthly	0		236.66	0	0		323.90	0	48		236.66	11,360	48		323.90	15,547	4,188	36.86%
9	4" Monthly	0		394.44	0	0		539.90	0	12		394.44	4,733	12		539.90	6,479	1,746	36.88%
10	6" Monthly	0		788.87	0	0		1,079.40	0	24		788.87	18,933	24		1,079.40	25,906	6,973	36.83%
11	8" Monthly	0		0.00	0	0		1,727.10	0	0		0.00	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-100,000 Gallons		0	$6.8550	$0		0	$9.6242	$0		59,761	$6.8550	$409,659		59,761	$9.6242	$575,148	$165,489	40.40%
20	Over 100,000 Gallons		0	4.7300	0		0	9.6242	0		21,911	4.7300	103,638		21,911	9.6242	210,875	107,236	103.47%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		81,672		$751,875		81,672		$1,120,385	$368,511	49.01%

Middlesboro & Clinton
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
INDUSTRIAL CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**INDUSTRIAL CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$15.78	$0	0		$21.70	$0	60		$15.78	$947	60		$21.70	$1,302	$355	37.52%
4	3/4" Monthly	0		15.78	0	0		32.50	0	0		15.78	0	0		32.50	0	0	0.00%
5	1" Monthly	0		39.45	0	0		53.90	0	12		39.45	473	12		53.90	647	174	36.67%
6	1-1/2" Monthly	0		78.89	0	0		108.00	0	12		78.89	947	12		108.00	1,296	349	36.90%
7	2" Monthly	0		126.22	0	0		172.80	0	48		126.22	6,059	48		172.80	8,294	2,236	36.90%
8	3" Monthly	0		236.66	0	0		323.90	0	0		236.66	0	0		323.90	0	0	0.00%
9	4" Monthly	0		394.44	0	0		539.90	0	24		394.44	9,467	24		539.90	12,958	3,491	36.88%
10	6" Monthly	0		788.87	0	0		1,079.40	0	12		788.87	9,466	12		1,079.40	12,953	3,486	36.83%
11	8" Monthly	0		0.00	0	0		1,727.10	0	0		0.00	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-100,000 Gallons		0	$6.8550	$0		0	$8.5162	$0		5,153	$6.8550	$35,326		5,153	$8.5162	$43,886	$8,561	24.23%
20	Over 100,000 Gallons		0	4.7300	0		0	8.5162	0		49,927	4.7300	236,155		49,927	8.5162	425,188	189,034	80.05%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		55,080		$298,839		55,080		$506,524	$207,686	69.50%

Middlesboro & Clinton
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates				Base Period at Proposed Rates				Test Year at Present Rates				Test Year at Proposed Rates					
Line #	Class/ Description	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Current Rate	Total Revenue	Customer Meter Billings	Sales (000 Gal)	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**MUNICIPAL & OTHER PUBLIC AUTHORITY CLASS**																		
2	Minimum Charge:																		
3	5/8" Monthly	0		$15.78	$0	0		$21.70	$0	168		$15.78	$2,651	168		$21.70	$3,646	$995	37.53%
4	3/4" Monthly	0		15.78	0	0		32.50	0	156		15.78	2,462	156		32.50	5,070	2,608	105.96%
5	1" Monthly	0		39.45	0	0		53.90	0	60		39.45	2,367	60		53.90	3,234	867	36.63%
6	1-1/2" Monthly	0		78.89	0	0		108.00	0	120		78.89	9,467	120		108.00	12,960	3,493	36.90%
7	2" Monthly	0		126.22	0	0		172.80	0	204		126.22	25,749	204		172.80	35,251	9,502	36.90%
8	3" Monthly	0		236.66	0	0		323.90	0	60		236.66	14,200	60		323.90	19,434	5,234	36.86%
9	4" Monthly	0		394.44	0	0		539.90	0	0		394.44	0	0		539.90	0	0	0.00%
10	6" Monthly	0		788.87	0	0		1,079.40	0	0		788.87	0	0		1,079.40	0	0	0.00%
11	8" Monthly	0		0.00	0	0		1,727.10	0	0		0.00	0	0		1,727.10	0	0	0.00%
12																			
13																			
14																			
15																			
16																			
17																			
18	Volumetric Charges:																		
19	0-100,000 Gallons		0	$6.8550	$0		0	$7.8881	$0		10,874	$6.8550	$74,539		10,874	$7.8881	$85,773	$11,234	15.07%
20	Over 100,000 Gallons		0	4.7300	0		0	7.8881	0		5,860	4.7300	27,717		5,860	7.8881	46,222	18,506	66.77%
21																			
22																			
23																			
24																			
25																			
26																			
27																			
28																			
29																			
30	Total		0		$0		0		$0		16,733		$159,151		16,733		$211,590	$52,439	32.95%

Middlesboro & Clinton
Forecast Year Operating Revenues at Present Rates & Proposed Rates
Base Year (12 Months Ending August 31, 2026)
Forecast Year (12 Months Ending December 31, 2027)
FIRE SERVICES

Exhibit 37, Schedule M-3
Witness Responsible: Charles Rea
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

		Base Period at Present Rates			Base Period at Proposed Rates			Test Year at Present Rates			Test Year at Proposed Rates				
Line #	Connection Size	Number of Connections	Current Rate	Total Revenue	Number of Connections	Proposed Rate	Total Revenue	Number of Connections	Current Rate	Total Revenue	Number of Connections	Proposed Rate	Total Revenue	Dollar Change	% Change
1	**Private Fire Service:**														
2	Hydrant	0	$46.16	$0	0	$120.00	$0	156	$46.16	$7,201	156	$120.00	$18,720	$11,519	159.97%
3	2"	0	46.16	0	0	14.00	0	0	46.16	0	0	14.00	0	0	0.00%
4	4"	0	46.16	0	0	56.00	0	36	46.16	1,662	36	56.00	2,016	354	21.32%
5	6"	0	46.16	0	0	125.55	0	60	46.16	2,770	60	125.55	7,533	4,763	171.99%
6	8"	0	46.16	0	0	223.00	0	24	46.16	1,108	24	223.00	5,352	4,244	383.10%
7	10"	0	46.16	0	0	348.25	0	0	46.16	0	0	348.25	0	0	0.00%
8	12"	0	46.16	0	0	521.25	0	0	46.16	0	0	521.25	0	0	0.00%
9	14"	0	46.16	0	0	502.00	0	0	46.16	0	0	502.00	0	0	0.00%
10	16"	0	46.16	0	0	891.50	0	0	46.16	0	0	891.50	0	0	0.00%
11															
12	Ambleside Surcharge	0	$4.59	$0	0	$4.59	$0	2,760	$4.59	$12,668	2,760	$4.59	$12,668	$0	0.00%
13															
14															
15															
16	Total	0		$0	0		$0	3,036		$25,409	3,036		$46,289	$20,881	82.18%
17															
18	Volumetric Charges:														
19	All Usage	0	$0.0000	$0	0	$9.6242	$0	0	$0.0000	$0	0	$9.6242	$0	$0	0.00%
20															
21															
22															
23	**Total Private Fire**			**$0**			**$0**			**$25,409**			**$46,289**	**$20,881**	**82.18%**
24															
25															
26	**Public Fire Protection:**														
27	Public Fire Hydrants	0	$10.20	$0	0	$11.53	$0	3,708	$10.20	$37,822	3,708	$11.53	$42,753	$4,932	13.04%
28															
29	Total	0		$0	0		$0	3,708		$37,822	3,708		$42,753	$4,932	13.04%
30															
31															
32															
33	**Total Public Fire**			**$0.00**			**$0.00**			**$37,822**			**$42,753**	**$4,932**	**13.04%**
34															
35	**Total Fire Services**			**$0**			**$0**			**$63,230**			**$89,043**	**$25,812**	**40.82%**

EXHIBIT 37
SCHEDULE N

TYPICAL BILL COMPARISON UNDER PRESENT AND PROPOSED RATES

KENTUCKY-AMERICAN WATER COMPANY

Case No. 2026-00094

Forecasted Test Period: For the 12 Months Ending December 31, 2027

Forecasted Base Period: For the 12 Months Ended August 31, 2026

Schedule	Description
N	Typical Bill Comparison

For electronic version, see KAW_APP_EX37N_051526.pdf.

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Residential - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$19.89	$21.70	$1.81	9.10%
1	27.76	31.15	3.39	12.21%
2	35.62	40.61	4.99	14.01%
3	43.49	50.06	6.57	15.11%
4	51.35	59.52	8.17	15.91%
5	59.22	68.97	9.75	16.46%
6	67.08	78.43	11.35	16.92%
7	74.95	87.88	12.93	17.25%
8	82.81	97.34	14.53	17.55%
9	90.68	106.79	16.11	17.77%
10	98.55	116.25	17.70	17.96%
15	137.87	163.52	25.65	18.60%
20	177.20	210.79	33.59	18.96%
25	216.53	258.07	41.54	19.18%
30	255.86	305.34	49.48	19.34%
35	295.19	352.61	57.42	19.45%
40	334.51	399.89	65.38	19.55%
45	373.84	447.16	73.32	19.61%
50	413.17	494.44	81.27	19.67%
75	609.81	730.80	120.99	19.84%
100	806.45	967.17	160.72	19.93%
Average User				
4.03	$51.60	$59.82	$8.22	15.93%

* Includes customers served under Black Mountain acquisition

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Commercial - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$19.89	$21.70	$1.81	9.10%
1	27.90	31.32	3.42	12.26%
2	35.90	40.95	5.05	14.07%
3	43.91	50.57	6.66	15.17%
4	51.92	60.20	8.28	15.95%
5	59.92	69.82	9.90	16.52%
6	67.93	79.45	11.52	16.96%
7	75.94	89.07	13.13	17.29%
8	83.94	98.69	14.75	17.57%
9	91.95	108.32	16.37	17.80%
10	99.96	117.94	17.98	17.99%
15	139.99	166.06	26.07	18.62%
20	180.02	214.18	34.16	18.98%
25	220.06	262.31	42.25	19.20%
30	260.09	310.43	50.34	19.35%
35	300.12	358.55	58.43	19.47%
40	340.15	406.67	66.52	19.56%
45	380.19	454.79	74.60	19.62%
50	420.22	502.91	82.69	19.68%
75	620.39	743.52	123.13	19.85%
100	820.55	984.12	163.57	19.93%
Average User				
36.79	$314.42	$375.74	$61.32	19.50%

* Includes customers served under Black Mountain acquisition

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Industrial - 2" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$158.40	$172.80	$14.40	9.09%
10	229.25	257.96	28.71	12.52%
25	335.52	385.71	50.19	14.96%
50	512.65	598.61	85.96	16.77%
75	689.77	811.52	121.75	17.65%
100	866.89	1,024.42	157.53	18.17%
150	1,221.14	1,450.23	229.09	18.76%
200	1,575.38	1,876.04	300.66	19.08%
250	1,929.63	2,301.85	372.22	19.29%
500	3,700.85	4,430.90	730.05	19.73%
750	5,472.08	6,559.95	1,087.87	19.88%
1,000	7,243.30	8,689.00	1,445.70	19.96%
1,500	10,785.75	12,947.10	2,161.35	20.04%
2,000	14,328.20	17,205.20	2,877.00	20.08%
2,500	17,870.65	21,463.30	3,592.65	20.10%
3,000	21,413.10	25,721.40	4,308.30	20.12%
3,500	24,955.55	29,979.50	5,023.95	20.13%
4,000	28,498.00	34,237.60	5,739.60	20.14%
4,500	32,040.45	38,495.70	6,455.25	20.15%
5,000	35,582.90	42,753.80	7,170.90	20.15%
10,000	71,007.40	85,334.80	14,327.40	20.18%
20,000	141,856.40	170,496.80	28,640.40	20.19%
Average User				
1,691	$12,139.30	$14,574.09	$2,434.79	20.06%

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Other Public Authority - 2" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$158.40	$172.80	$14.40	9.09%
5	198.57	212.24	13.67	6.88%
10	238.75	251.68	12.93	5.42%
15	278.92	291.12	12.20	4.37%
25	359.27	370.00	10.73	2.99%
50	560.14	567.21	7.07	1.26%
75	761.00	764.41	3.41	0.45%
100	961.87	961.61	(0.26)	-0.03%
125	1,162.74	1,158.81	(3.93)	-0.34%
150	1,363.61	1,356.02	(7.59)	-0.56%
175	1,564.47	1,553.22	(11.25)	-0.72%
200	1,765.34	1,750.42	(14.92)	-0.85%
225	1,966.21	1,947.62	(18.59)	-0.95%
250	2,167.08	2,144.83	(22.25)	-1.03%
300	2,568.81	2,539.23	(29.58)	-1.15%
350	2,970.55	2,933.64	(36.91)	-1.24%
400	3,372.28	3,328.04	(44.24)	-1.31%
500	4,175.75	4,116.85	(58.90)	-1.41%
750	6,184.43	6,088.88	(95.55)	-1.55%
1,000	8,193.10	8,060.90	(132.20)	-1.61%
2,500	20,245.15	19,893.05	(352.10)	-1.74%
5,000	40,331.90	39,613.30	(718.60)	-1.78%
Average User				
127	$1,175.03	$1,170.88	($4.15)	-0.35%

* Includes customers served under Black Mountain acquisition

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Sales for Resale - 4" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$494.85	$539.90	$45.05	9.10%
25	702.58	758.33	55.75	7.94%
50	910.31	976.76	66.45	7.30%
75	1,118.03	1,195.18	77.15	6.90%
100	1,325.76	1,413.61	87.85	6.63%
150	1,741.22	1,850.47	109.25	6.27%
200	2,156.67	2,287.32	130.65	6.06%
250	2,572.13	2,724.18	152.05	5.91%
500	4,649.40	4,908.45	259.05	5.57%
750	6,726.68	7,092.73	366.05	5.44%
1,000	8,803.95	9,277.00	473.05	5.37%
1,500	12,958.50	13,645.55	687.05	5.30%
2,000	17,113.05	18,014.10	901.05	5.27%
2,500	21,267.60	22,382.65	1,115.05	5.24%
3,000	25,422.15	26,751.20	1,329.05	5.23%
4,000	33,731.25	35,488.30	1,757.05	5.21%
5,000	42,040.35	44,225.40	2,185.05	5.20%
7,500	62,813.10	66,068.15	3,255.05	5.18%
10,000	83,585.85	87,910.90	4,325.05	5.17%
15,000	125,131.35	131,596.40	6,465.05	5.17%
25,000	208,222.35	218,967.40	10,745.05	5.16%
50,000	415,949.85	437,394.90	21,445.05	5.16%
Average User				
1,195	$10,422.40	$10,978.81	$556.41	5.34%

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Miscellaneous (Bulk Sales Through Loading Stations) - 1" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$49.45	$53.90	$4.45	9.00%
1	55.04	58.64	3.60	6.54%
2	60.63	63.38	2.75	4.54%
3	66.22	68.12	1.90	2.87%
4	71.81	72.85	1.04	1.45%
5	77.40	77.59	0.19	0.25%
6	82.99	82.33	(0.66)	-0.80%
7	88.57	87.07	(1.50)	-1.69%
8	94.16	91.81	(2.35)	-2.50%
9	99.75	96.55	(3.20)	-3.21%
10	105.34	101.29	(4.05)	-3.84%
15	133.29	124.98	(8.31)	-6.23%
20	161.23	148.67	(12.56)	-7.79%
25	189.18	172.37	(16.81)	-8.89%
30	217.13	196.06	(21.07)	-9.70%
35	245.07	219.75	(25.32)	-10.33%
40	273.02	243.45	(29.57)	-10.83%
45	300.96	267.14	(33.82)	-11.24%
50	328.91	290.84	(38.07)	-11.57%
75	468.64	409.30	(59.34)	-12.66%
100	608.37	527.77	(80.60)	-13.25%
Average User				
8.91	$99.22	$96.10	($3.12)	-3.14%

Kentucky American Water Company
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Fire Services

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
Private Fire				
Private Fire Hydrant	$120.00	$120.00	$0.00	0.00%
2"	14.00	14.00	0.00	0.00%
4"	56.00	56.00	0.00	0.00%
6"	125.55	125.55	0.00	0.00%
8"	223.00	223.00	0.00	0.00%
10"	348.25	348.25	0.00	0.00%
12"	521.25	521.25	0.00	0.00%
14"	502.00	502.00	0.00	0.00%
16"	891.50	891.50	0.00	0.00%
Public Fire				
Public Fire Hydrant	$75.00	$11.53	($63.47)	-84.63%

Livingston
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Residential - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$29.74	$21.70	($8.04)	-27.03%
1	29.74	31.15	1.41	4.74%
2	29.74	40.61	10.87	36.55%
3	40.85	50.06	9.21	22.55%
4	51.96	59.52	7.56	14.55%
5	63.07	68.97	5.90	9.35%
6	74.18	78.43	4.25	5.73%
7	85.29	87.88	2.59	3.04%
8	96.40	97.34	0.94	0.98%
9	107.51	106.79	(0.72)	-0.67%
10	118.62	116.25	(2.37)	-2.00%
15	174.17	163.52	(10.65)	-6.11%
20	229.72	210.79	(18.93)	-8.24%
25	285.27	258.07	(27.20)	-9.53%
30	340.82	305.34	(35.48)	-10.41%
35	396.37	352.61	(43.76)	-11.04%
40	451.92	399.89	(52.03)	-11.51%
45	507.47	447.16	(60.31)	-11.88%
50	563.02	494.44	(68.58)	-12.18%
75	840.77	730.80	(109.97)	-13.08%
100	1,118.52	967.17	(151.35)	-13.53%
Average User				
4.07	$52.71	$60.15	$7.44	14.11%

Livingston
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Commercial - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$29.74	$21.70	($8.04)	-27.03%
1	29.74	31.32	1.58	5.31%
2	29.74	40.95	11.21	37.69%
3	40.85	50.57	9.72	23.79%
4	51.96	60.20	8.24	15.86%
5	63.07	69.82	6.75	10.70%
6	74.18	79.45	5.27	7.10%
7	85.29	89.07	3.78	4.43%
8	96.40	98.69	2.29	2.38%
9	107.51	108.32	0.81	0.75%
10	118.62	117.94	(0.68)	-0.57%
15	174.17	166.06	(8.11)	-4.66%
20	229.72	214.18	(15.54)	-6.76%
25	285.27	262.31	(22.96)	-8.05%
30	340.82	310.43	(30.39)	-8.92%
35	396.37	358.55	(37.82)	-9.54%
40	451.92	406.67	(45.25)	-10.01%
45	507.47	454.79	(52.68)	-10.38%
50	563.02	502.91	(60.11)	-10.68%
75	840.77	743.52	(97.25)	-11.57%
100	1,118.52	984.12	(134.40)	-12.02%
Average User				
36.94	$417.97	$377.26	($40.71)	-9.74%

Midllesboro & Clinton
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Residential - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$15.78	$21.70	$5.92	37.52%
1	22.64	31.15	8.51	37.59%
2	29.49	40.61	11.12	37.71%
3	36.35	50.06	13.71	37.72%
4	43.20	59.52	16.32	37.78%
5	50.06	68.97	18.91	37.77%
6	56.91	78.43	21.52	37.81%
7	63.77	87.88	24.11	37.81%
8	70.62	97.34	26.72	37.84%
9	77.48	106.79	29.31	37.83%
10	84.33	116.25	31.92	37.85%
15	118.61	163.52	44.91	37.86%
20	152.88	210.79	57.91	37.88%
25	187.16	258.07	70.91	37.89%
30	221.43	305.34	83.91	37.89%
35	255.71	352.61	96.90	37.89%
40	289.98	399.89	109.91	37.90%
45	324.26	447.16	122.90	37.90%
50	358.53	494.44	135.91	37.91%
75	529.91	730.80	200.89	37.91%
100	701.28	967.17	265.89	37.91%
Average User				
3.29	$38.31	$52.77	$14.46	37.74%

Midllesboro & Clinton
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Commercial - 5/8" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$15.78	$21.70	$5.92	37.52%
1	22.64	31.32	8.68	38.34%
2	29.49	40.95	11.46	38.86%
3	36.35	50.57	14.22	39.12%
4	43.20	60.20	17.00	39.35%
5	50.06	69.82	19.76	39.47%
6	56.91	79.45	22.54	39.61%
7	63.77	89.07	25.30	39.67%
8	70.62	98.69	28.07	39.75%
9	77.48	108.32	30.84	39.80%
10	84.33	117.94	33.61	39.86%
15	118.61	166.06	47.45	40.01%
20	152.88	214.18	61.30	40.10%
25	187.16	262.31	75.15	40.15%
30	221.43	310.43	89.00	40.19%
35	255.71	358.55	102.84	40.22%
40	289.98	406.67	116.69	40.24%
45	324.26	454.79	130.53	40.25%
50	358.53	502.91	144.38	40.27%
75	529.91	743.52	213.61	40.31%
100	701.28	984.12	282.84	40.33%
Average User				
10.45	$87.45	$122.32	$34.87	39.87%

Midllesboro & Clinton
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Industrial - 2" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$126.22	$172.80	$46.58	36.90%
10	194.77	257.96	63.19	32.44%
25	297.60	385.71	88.11	29.61%
50	468.97	598.61	129.64	27.64%
75	640.35	811.52	171.17	26.73%
100	811.72	1,024.42	212.70	26.20%
150	1,048.22	1,450.23	402.01	38.35%
200	1,284.72	1,876.04	591.32	46.03%
250	1,521.22	2,301.85	780.63	51.32%
500	2,703.72	4,430.90	1,727.18	63.88%
750	3,886.22	6,559.95	2,673.73	68.80%
1,000	5,068.72	8,689.00	3,620.28	71.42%
1,500	7,433.72	12,947.10	5,513.38	74.17%
2,000	9,798.72	17,205.20	7,406.48	75.59%
2,500	12,163.72	21,463.30	9,299.58	76.45%
3,000	14,528.72	25,721.40	11,192.68	77.04%
3,500	16,893.72	29,979.50	13,085.78	77.46%
4,000	19,258.72	34,237.60	14,978.88	77.78%
4,500	21,623.72	38,495.70	16,871.98	78.03%
5,000	23,988.72	42,753.80	18,765.08	78.22%
10,000	47,638.72	85,334.80	37,696.08	79.13%
20,000	94,938.72	170,496.80	75,558.08	79.59%
Average User				
327.86	$1,889.49	$2,964.91	$1,075.42	56.92%

Midllesboro & Clinton
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Other Public Authority - 2" Meter

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
0	$126.22	$172.80	$46.58	36.90%
5	160.50	212.24	51.74	32.24%
10	194.77	251.68	56.91	29.22%
15	229.05	291.12	62.07	27.10%
25	297.60	370.00	72.40	24.33%
50	468.97	567.21	98.24	20.95%
75	640.35	764.41	124.06	19.37%
100	811.72	961.61	149.89	18.47%
125	983.10	1,158.81	175.71	17.87%
150	1,154.47	1,356.02	201.55	17.46%
175	1,325.85	1,553.22	227.37	17.15%
200	1,497.22	1,750.42	253.20	16.91%
225	1,668.60	1,947.62	279.02	16.72%
250	1,839.97	2,144.83	304.86	16.57%
300	2,182.72	2,539.23	356.51	16.33%
350	2,525.47	2,933.64	408.17	16.16%
400	2,868.22	3,328.04	459.82	16.03%
500	3,553.72	4,116.85	563.13	15.85%
750	5,267.47	6,088.88	821.41	15.59%
1,000	6,981.22	8,060.90	1,079.68	15.47%
2,500	14,076.22	19,893.05	5,816.83	41.32%
5,000	25,901.22	39,613.30	13,712.08	52.94%
Average User				
21.79	$275.58	$344.67	$69.09	25.07%

Midllesboro & Clinton
Case No. 2026-00094
Forecast Year (12 Months Ending December 31, 2027)
Typical Bill Comparisons under Present and Proposed Rates
Fire Services

Exhibit 37, Schedule N
KAWC 2026 Rate Case - Exhibit 37 (M,N) Revenue Present & Proposed

Consumption Thousand Gallons	Present Rate	Proposed Rate	Difference	Percentage Difference
Private Fire				
Private Fire Hydrant	$46.16	$120.00	$73.84	159.97%
2"	46.16	14.00	(32.16)	-69.67%
4"	46.16	56.00	9.84	21.32%
6"	46.16	125.55	79.39	171.99%
8"	46.16	223.00	176.84	383.10%
10"	46.16	348.25	302.09	654.44%
12"	46.16	521.25	475.09	1029.22%
14"	46.16	502.00	455.84	987.52%
16"	46.16	891.50	845.34	1831.33%
Public Fire				
Public Fire Hydrant	$10.20	$11.53	$1.33	13.04%